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2000 Annual Program Performance Report

FOOD AND NUTRITION SERVICE



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FOOD AND NUTRITION SERVICE

FY 2000 ANNUAL PROGRAM PERFORMANCE REPORT

The Food and Nutrition Service (FNS) is the Federal agency responsible for managing the domestic nutrition assistance programs. Its mission is:

To increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence.

For more information on the programs, their structure and impacts, and their statutory authorities, please see the *FNS Strategic Plan 2000 to 2005*, and the FNS Annual Performance Plans. Only Federal employees were involved in the preparation of this report.

The following table summarizes information on FNS's achievement of fiscal year 2000 performance goals. (FY 1999 data not reported in FNS's FY 1999 Annual Performance Report are shown in italics.)

FNS PERFORMANCE SUMMARY				
Strategic Goal/ Management Initiative	FY 2000 Performance Goals	Performance		
		FY 1999 Actual	FY 2000 Target	FY 2000 Actual
Goal 1: Enhanced Food and Nutrition Security for Low-income Americans	Restore participation in the Food Stamp Program (FSP) of authorized categories of legal immigrants excluded from participation under the 1996 welfare reform law Number of legal immigrants participating in the FSP	<i>166,000</i>	225,000	available 7/01
	Increase availability of information for low-income Americans about nutrition, resource management and community nutrition education Increased number of households receiving FSP nutrition education	<i>80,627</i>	163,500	962,508
	Increased percent of able-bodied adults without dependents (ABAWDs) offered work or training slots	15%	>15%	19.8%
	Maintain payment accuracy in the delivery of Food Stamp Program benefits FSP Payment Accuracy rate States qualifying for enhanced funding	<i>90.14%</i> 6	90.5% 8	Available 5/01
	Increase claims collections to recover program losses and deter recipient overpayments Percent of newly established claims collected State-reported claims collected	<i>69%</i> <i>\$213 million</i>	71% \$215.8 million	87.6% \$219 million
	Maintain baseline number of sanctions against violating stores Number of sanctioned stores	1,365	1,365	1,349
	Reduce percentage of authorized stores that do not meet regulatory eligibility requirements for type and amount of foods sold	1.54%	1.54%	1.48%
	Increase States/Territories issuing benefits by electronic benefits transfer (EBT)	40	42	42
	Simplification of program administrative requirements Number of CFR pages of FSP requirements Number of program waivers remaining (i.e., not eliminated because they are no longer needed by States)	431 960	354 800	440 941
	Increased access to nutritional information and expertise for school food service personnel Number of schools receiving Food Buying Guide	0	50,000	0
Goal 2: Healthful Diets for School Age Children	Full implementation of School Meals Initiative monitoring by the States Number of School Meal Initiative Monitoring reviews conducted by States	2,937	3,200	3,939
	Increased number of schools which meet the <i>Dietary Guidelines</i> Number of SFAs reviewed which require no corrective action to meet the <i>Dietary Guidelines</i>	777	480	782
	Increased use of nutrition education resource materials and messages by State and school personnel Average monthly inquiries to System by State and school personnel	4,180	2,140	5,154
	Increased compliance with program regulations regarding counting and claiming meals Percent of school food authorities (SFAs) in compliance with Performance Standard 1	86.1%	87%	Available 3Q FY 2001

Goal 3: Improved Nutritional Status and Health of Low-income Women, Infants and Children	States adopt initiatives to contain WIC food costs Food cost per participant	\$32.51	\$33.42	Available 4/01
	Improved vendor selection Number of violations	4,234	6,013	Available 5/01
	EBT implemented in additional States Number of states initiating EBT pilot projects for WIC	1	2	3
	Increased implementation of National Breastfeeding Campaign Number of States that implemented some or all of the campaign Increased breastfeeding rate	54 no data available	45 42%	55 Available 3/02
	Increased number of State agencies participating in the Farmers' Market Nutrition Program	39	54	39
	Increased recruitment and retention of qualified nutrition staff in the WIC Program Percent of WIC staff who are registered dietitians or RD-eligible Percent of WIC staff who are registered dietary technicians	No data available	50% 5%	Available Fall 01
	Increased consistency among States in the use of scientifically sound nutrition risk criteria Number of WIC State agencies using consistent risk criteria promulgated by FNS and the National Association of WIC Directors	88	All States (88)	All States (87)
	Expanded WIC services, service referrals, and coordination at Community Migrant Centers and Indian Health Service (IHS) facilities Percent of Community Migrant Health Centers (MHC) and IHS clinics co-located with WIC	No data available	80%	No data available
	Increased immunization of WIC pre-school children Immunization rate of WIC pre-school children for DPT Immunization rate of WIC pre-school children for IPV	80.3% 88.2%	95% 88%	
	Improved nutrition knowledge of CACFP providers Number of day care center providers receiving nutrition education materials	42,500	15,000	48,000
Goal 4: Improved Nutritional Status of Children in Day-Care Settings (CACFP)	Better targeted and higher quality program reviews of sponsors and providers by State agencies Number of reviews conducted	No data available	TBD	Data not available
	Increased participation of low-income children in CACFP Percent of CACFP children from low-income households	71.5%	75%	72.3%
Goal 5: Low-Income Children Consume Nutritious Lunches When School Meals Are Not Available (SFSP)	Barriers to schools and other sponsor participation removed Number of participating sponsors Number of participating sites Number of participating children	3,653 31,021 2.26 million	4,000 33,000 2.57 million	3,670 31,173 2.09 million
	Better targeted and higher quality State agency reviews of sponsors and providers Number of reviews conducted	--	Establish baseline	Data not available
Goal 6: Improved Quality Of Food Distribution Commodities and Services	Improved nutrition profile of commodity offerings Commodities added to, modified or deleted from the Foods Available List Number of communications addressing the healthful use/preparation of commodities distributed to customers	9 --	3 4	11 4
	Complete commodity specifications review project Work group recommendations developed		Complete report	BPR report completed; execution underway
	Increase number of automated business functions	8	16	6
	Identify the most effective food delivery system for FDPIR and CSFP Recommendations developed	--	Complete	BPR report completed; execution underway
	Redesigned FNS food distribution systems Short-term redesign underway	Broad BPR underway	Completion of redesign	BPR report completed; execution underway
	Improved communications with customers Number of updates distributed Number of hits on the Food Distribution Division (FDD) Internet home page	4 No data available	4 13,200	4 41,300
	Support Departmental gleaning/food recovery efforts Number of schools involved in gleaning/food recovery	No data available	10% over FY 99 level	No data available

MI 1: Continually Improve the Quality, Effectiveness and Diversity of the FNS Work Force	Hire top-quality individuals and improve employees' work skills Number of Outstanding Scholars hired at entry level Effectiveness of training	4	4 >70%	0 data not available
	Improve the physical work environment Number of smaller-than-standard work stations Number of work stations that are ergonomically suitable for computers and peripherals	Replaced 24% 23% of baseline	Replace 50% 5% of baseline	Replaced 48% 47% of baseline
	Continue to implement the agency Infrastructure Modernization throughout FNS Number of upgraded file servers Assessment of telecommunications infrastructure	Pre-Pentiums replaced Capacity meets demand	Pentiums replaced with DEC Alpha Capacity meets demand	Pentiums replaced with DEC Alpha Capacity Meets demand
	Improved diversity of FNS work force Percent of senior positions held by women Percent of senior positions held by minorities Percent of women in the FNS workforce Percent of minorities in the FNS workforce Percent of workforce with disabilities	48% 22% 63% 34% 12%	≥46% 24% 63% 31% 13.17%	50% 24% 65% 35% 11.74%
	Monitor and assure fairness in FNS program delivery systems Number of program delivery complaints which were reviewed Days needed to issue a decision Number of appeals	262 90 3	262 90 4	376 90 2
MI 2: Maintain Continued Fairness in FNS Program Delivery	Maintain progress in upgrading FNS's financial systems Foundation Financial Management System (FFIS), Department NFC financial systems upgrade Agency Financial Management System (AFMS) upgrade to client server technology National Data Bank (NDB) upgrade to data warehouse technology	Continue development Continue development Continue development	Continue development Continue development Continue development	Development continued Schedule adjusted Development continued
	Implement new or revised Departmental and Government-wide financial standards and policies Independent financial statement audit	Implement standards	Update financial standards	Updates made
	Improve data integrity and agency ability to produce timely, accurate and supported financial statements and other financial information Independent financial statement audits	Make progress	Make progress	Work completed timely; no material issues
	Improvement of the budget development process: Development Process Timeliness Product Quality	Actions completed Actions completed Improvements achieved	Automate spreadsheet/MAX interface Information provided timely Enhanced clarity and brevity	Completed Timelines generally met Improvements maintained/enhanced
	Continue progress towards full implementation of the Debt Collection Improvement Act (DCIA) Percentage of eligible delinquent food stamp recipient claims transferred to Treasury Percentage of eligible delinquent food stamp retailer debts referred to Treasury	100% 87%	100% 90%	100% 70%
	Correct identified internal control deficiencies in a timely manner Percentage of audits completed timely Percentage of FMFIA material deficiencies corrected timely	90% 87%	70% 90%	91% 80%

Data on FY 1999 performance is included in the text of this report only in cases for which data was not available for FNS's FY 1999 Annual Performance Report. For more information on FY 1999 performance, please refer to that report.

Goal 1: Enhanced Food and Nutrition Security for Low-income Americans

Objective 1.1: Enhanced nutritional security and food purchasing power of low-income Americans participating in the Food Stamp Program

Key Performance Goals:

Restore participation in the Food Stamp Program (FSP) of authorized categories of legal immigrants excluded from participation under the 1996 welfare reform legislation

Number of legal immigrants participating in the FSP

1999 Target: 225,000

1999 Actual: 166,000

2000 Target: 225,000

2000 Actual: Data available July, 2001

2000 Data: The number of legal immigrants participating in the Food Stamp Program in fiscal year 2000 will be derived from household characteristics data obtained from Quality Control reviews of fiscal year 2000 Food Stamp Program case files. This data will not be available until July 2001, and will be reported in the Fiscal Year 2001 Annual Performance Report.

Data on the participation of legal immigrants in 1999 appears to be of inconsistent quality. Cases in which discrepancies were found, representing about 15% of the initial count, were eliminated from the sub-sample total, lowering the reported performance level. This is discussed further under Analysis of Results, below.

Analysis of Results: Fiscal year 2000 data is not available. Fiscal year 1999 data indicates that the program did not meet the performance target; roughly 166,000 legal immigrants who were excluded from participation under the 1996 welfare reform legislation participated in the program in fiscal year 1999.

This 1999 figure represents the lower bound of a range of potential legal immigrant participation levels suggested by the data. As noted above, cases representing approximately 30,000 FSP participants showed inconsistencies in classification as legal immigrants, and were eliminated from the subsample. To the extent that these cases do in fact represent legal immigrants who were excluded from participation under welfare reform, the figure above underreports program performance for this goal.

Restoring participation in the FSP to authorized categories of legal immigrants excluded by welfare reform legislation was a multi-step process, involving legislation to restore eligibility, promulgating rules to implement the law, monitoring State implementation, and providing program information to newly eligible immigrants. The necessary legislative steps to restore eligibility to the legal immigrants covered by this indicator, and State implementation of this legislation, were achieved in fiscal year 1999. Eligible legal immigrant participation for that year may not have reached the target for reasons similar to those contributing to declines in program participation as a whole and the percentage of eligible persons participating in the program.

In September 1998, 59 percent of all eligible individuals received food stamp benefits, a drop of 11 percentage points from its peak in 1994. Between 1994 and 1999, the number of people on food stamps fell nearly twice as much as the number of people in poverty. Given the uncertainty of the reasons for the decline, Congress has directed FNS to undertake a new study of reduced food stamp participation, and its implications for the emergency food system. While food stamp participation has dropped significantly in recent years, the decline in participation has leveled off in recent months, and caseloads have grown in some States.

Description of Actions and Schedules: FNS will continue its efforts to provide information to eligible legal immigrants about their potential eligibility.

Current Fiscal Year Performance: No target for this performance measure has been set for fiscal year 2001.

Program Evaluations: In FY 2000, FNS completed two reports on the characteristics of food stamp households: a full report on FY 1998 participants, and an advance report on FY 1999 participants. Both studies, which are based on analyses of Food Stamp Quality Control data, show that food stamp households are a diverse group. Because food stamps are available to most low-income households with few resources, regardless of age, disability status, or family structure, recipients represent a broad cross-section of the nation's poor.

Increase availability of information for low-income Americans about nutrition, resource management and community nutrition education	
Increased number of households receiving FSP nutrition education*	
1999 Target:	123,500
1999 Actual:	80,627
2000 Target:	163,500
2000 Actual:	962,508

2000 Data: Because the original metric used for this goal was determined not to be a valid measure of total increases in information available about nutrition, resource management and community nutrition education, FNS used an alternative approach to assess exposure to FSP nutrition education efforts.

Fiscal year 2000 data was compiled from reports of the "total number of persons reached" by States' nutrition education programs in fiscal year 2000 as part of the Nutrition Education Plan submitted with States' fiscal year 2001 application for nutrition education grant funds. This represents a far more comprehensive approach to assessing the scope of the program's nutrition education efforts than the measure originally proposed. However, the data reported was inconsistent in its quality. FNS is working to provide more specific and detailed guidance for reporting in this area in the State Plan Guidance for FY 2002.

In the Analysis of Results section, below, the Agency is reporting a number of measures of nutrition education scope and coverage. These include the total number of program participants reported to have received FSP nutrition education, the number of total direct nutrition education contacts, and the estimated number of "social marketing contacts," including broadcasts of public service announcements, newsletter articles, etc. FNS has used the number of program participants reported to have received FSP nutrition education, divided by the average number of participants in a Food Stamp household in fiscal year 1999 (2.4), to arrive at a figure for households receiving nutrition education comparable to the original performance target. To the extent that all members of a household did not participate in nutrition education, this figure would tend to underreport program performance; to the extent that all members of households of above-average size participate, it would tend to overreport program performance.

Fiscal Year 1999 data based on the originally-proposed measure is reported at the end of the Analysis of Results section below. This data reflects the number of Expanded Food and Nutrition Education Program (EFNEP) participants who participated in the Food Stamp Program upon entry into nutrition education. In general, EFNEP efforts are directed to a household's primary food preparer, so the figures track FSP households closely. However, in a small number of cases, more than one person from a household may participate in EFNEP, tending to overreport program performance. The data does not include low-income EFNEP participants who are children and receive nutrition education directly; to the extent that these children live in FSP households in which the primary food preparer does not participate in EFNEP, the data underreports performance.

* Performance metric has been revised; see 2000 Data section for explanation.

Analysis of Results: Based on the measurement approach described above, the program exceeded its performance goal in fiscal year 2000 by a wide margin. Nearly 1 million FSP households are known to have received nutrition education through the program.

Category	FY 2000 level
Reported FSP participants receiving nutrition education	2,310,020
Estimated FSP households receiving nutrition education^o	962,508
Nutrition Education Contacts	
Social marketing "contacts" (PSAs, newsletters, etc.)	108,633,282
Direct contacts	4,726,321
TOTAL contacts	113,450,411

In addition to the participation figure reported above, a far larger number of direct and indirect nutrition education contacts were made through the program in fiscal year 2000. Notably, over 4.6 million of the nutrition education "direct contacts" shown in the table above were reported in States that did not report a participant figure; these contacts thus represent additional FSP nutrition education coverage beyond the household figure shown above, although the number of participants receiving these contacts cannot be estimated reliably with current data. (Reported social marketing contacts further illustrate the scope of nutrition education program coverage; however, the subset of these that reach program participants cannot be determined.)

FNS did not meet its fiscal year 1999 target for Food Stamp households receiving nutrition education through the Extension Service. In fiscal year 1999, 80,627 Food Stamp Program households received nutrition education, below the FY 1999 target of 123,500 households. This performance level reflects limits on the funding provided by Congress for nutrition education through USDA's Cooperative State Research, Education and Extension Service (CSREES).

Current Fiscal Year Performance: FNS plans to continue to pursue its efforts to encourage and support States in providing nutrition education to Food Stamp recipients. The agency is continuing to augment and refine its guidance and technical support to States. In fiscal year 2002, FNS will expand and improve its guidance for nutrition education performance reporting as part of the annual plan for nutrition education activities States must submit to FNS to receive nutrition education funding.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in FY 2000:

- FNS released *Dietary Intake and Dietary Attitudes Among Food Stamp Participants and Other Low-Income Individuals*, which used data from the 1994-1996 Continuing Survey of Food Intakes by Individuals and the Diet and Health Knowledge Survey, to examine the relationship between FSP participation and dietary attitudes and intake. The study indicates that low-income individuals place great importance on healthy eating and have moderate levels of nutrition knowledge; they are aware of some key aspects of the link between nutrition and health and of what constitutes healthy eating, but are unaware of other key aspects. The study also found little difference in dietary intake between FSP participants and low-income nonparticipants, suggesting that the economic resources provided by FSP benefits may not substantially change participants' eating habits if not complemented with nutrition education to help participants make healthy food choices.
- The Economic Research Service (ERS) released a study on "Maternal Nutrition Knowledge and Children's Diet Quality and Nutrient Intakes" that found significant evidence that the more a mother

^o Figure represents the number of reported FSP participants receiving nutrition education, divided by the average size of a Food Stamp household in fiscal year 1999 (2.4 people).

knows about health and nutrition, the better is the overall quality of her children's diet, for preschoolers more so than older children. The study also found that a mother's years of schooling, smoking status, race, and ethnicity influence her children's diet. The results suggest that health and nutrition education may be more effective if targeted toward mothers with young children, but directly toward school-age children.

- ERS released a study on "The Effect on Dietary Quality of Participation in the Food Stamp and WIC Programs". The study found that participants in the Food Stamp Program consume more meats, added sugars, and total fats—closer to the levels consumed by higher-income groups—than they would in the absence of the program, while their consumption of fruits, vegetables, grains, and dairy products stays about the same. Participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) consume significantly less added sugars, which may reflect the substitution of WIC-supplied juices and cereals in place of higher sugar soft drinks and cereals. This study used data on low-income Americans from the Continuing Survey of Food Intake by Individuals.

<p><u>Increased percent of able-bodied adults without dependents (ABAWDs) offered work or training slots</u></p> <p>Target: >15%</p> <p>Actual: 19.8%</p>
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2000 Data: The percentage of ABAWDs offered work or training slots was derived by dividing the monthly average number of slots offered based on information reported by States on their FNS-583, Employment and Training Reports (98,417), by the estimated monthly ABAWD population (498,000), which is based on a combination of data from the 1999 Quality Control file and State-supplied estimates of the numbers of ABAWDs who either live in waived areas or have been granted exemptions from work requirements.

Analysis of Results: The program exceeded the target for this measure. The increase in the percentage of ABAWDs offered work or training slots is due mainly to States' increased outreach efforts. The monthly average number of at-risk ABAWDs is small enough to allow States to effectively target resources toward them. In addition, in fiscal year 2000, two additional States offered a qualifying opportunity to every at-risk ABAWD within their boundaries.

Current Fiscal Year Performance: No target for this performance measure has been set for fiscal year 2001. However, FNS is continuing its efforts to provide work and training opportunities to ABAWDs in fiscal year 2001.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in FY 2000:

- The General Accounting Office (GAO) issued a report on USDA's process of granting States' requests for waivers of Food Stamp Program work requirements for able-bodied adults without dependents. The report describes how States have used the waiver provision, and reviews whether or not FNS and States have considered the availability of jobs in neighboring jurisdictions in the waiver selection and approval process. The GAO reports that FNS has generally granted States' waiver requests if the requested areas had unemployment rates above 10 percent or if the area had an insufficient number of jobs. While the GAO identified other possible circumstances that could be used by FNS when evaluating waivers (such as the availability of employment in adjacent areas), these are not identified in the legislation as part of the Agency's required review.

Objective 1.2: Improved program integrity

Key Performance Goals

Maintain payment accuracy in the delivery of Food Stamp Program benefits

FSP Payment Accuracy rate

1999 Target: 90.1%

1999 Actual: 90.14%

2000 Target: 90.5%

2000 Actual: Data available May 2001

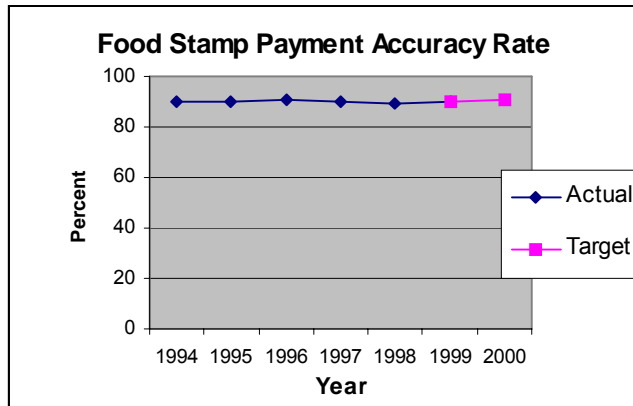
States qualifying for enhanced funding

1999 Target: 8

1999 Actual: 6

2000 Target: 8

2000 Actual: Data available May 2001



Year	Over-payment Rate	Under-payment Rate	Combined Payment Error Rate	Payment Accuracy Rate	Target
1994	7.7	2.7	10.3	89.7	
1995	7.3	2.4	9.7	90.3	
1996	6.9	2.3	9.2	90.8	
1997	7.3	2.5	9.8	90.3	
1998	7.6	3.1	10.7	89.3	
1999	7.01	2.85	9.86	90.14	90.1
2000	Data not available	Data not available	Data not available	Data not available	90.5

2000 Data: The payment accuracy and enhanced funding States data results from the statistically valid FSP Quality Control (QC) system, which reviews approximately 50,000 randomly selected food stamp cases annually. A sub-sample of these cases is reviewed for accuracy by FNS personnel; as a result, the agency has high confidence in the quality and reliability of this data. Fiscal year 2000 performance data comes from the review of fiscal year 2000 FSP food stamp cases and will not be available until May 2001. Results of the determined fiscal year 2000 payment accuracy rate will be reported in the Fiscal Year 2001 Annual Performance Report. Data for fiscal year 1999 is reported below.

Analysis of Results: As mentioned above, fiscal year 2000 data for this indicator is not yet available. However, early indications are that the program will achieve its payment accuracy goal of 90.5% in fiscal year 2000.

The payment accuracy rate for fiscal year 1999 was 90.14%, which exceeded the fiscal year 1999 target.

Six States received enhanced funding for high payment accuracy in fiscal year 1999, a level below the fiscal year 1999 target of eight States. A seventh State would have qualified for enhanced funding based on its low combined payment error rate; however, it was disqualified from enhanced funding because the QC negative error rate (errors in benefit denial and case closing determinations) was unacceptably high.

Description of Actions and Schedules: The goal is primarily a measure of State agency performance in meeting Federal requirements regarding benefit issuance; good performance thus relies primarily on the commitment of effort by our State partners, though FNS works to encourage and support benefit accuracy through financial incentives and technical assistance to States. FNS is pursuing a range of efforts with States to help them improve payment accuracy. (See Current Fiscal Year Performance, below.) The

Agency is hopeful that such efforts will result in additional States qualifying for enhanced funding in future years.

Current Fiscal Year Performance: FNS anticipates that improvement in benefit accuracy will be achieved in fiscal year 2000, and further improved in fiscal year 2001. The original target payment accuracy rate for fiscal year 2000 was revised upward to 90.5% in the Agency's fiscal year 2001 Annual Performance Plan. Based on early indications of fiscal year 2000 performance and the activities planned to support State improvement, FNS expects to meet or exceed the fiscal year 2001 payment accuracy target rate of 90.8%.

The most important factor in improving performance in this area is the need for our State partners to continue and renew their commitment to utilize findings from the QC system to improve payment accuracy. To support State improvement, FNS will support States in improving accuracy with "best practices" information-sharing, and seek opportunities to simplify program rules.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in fiscal year 2000:

- FNS released *Options for a National Database to Track Participation in Federal Means-Tested Public Assistance Programs: Report to Congress*, which responds to a Congressional mandate to examine options for the design, development, implementation and operation of a national database to track participation in Federal means-tested programs, and to examine current State agency efforts to identify interstate duplicate benefits. The report concluded that a national client database is feasible if it is properly configured. If developed for both the FSP and TANF, it would likely be cost-effective overall, but would probably increase Federal costs (while reducing State costs). Finally, it found that such a database could pose significant risks of exposing personal data to unintended uses.
- FNS prepared two reports on the use of biometric identification technology, such as finger-imaging, to reduce fraud in the Food Stamp Program. One report explores the experience of nine States with biometric identification technologies as of September 1999 and discusses some of the major policy and operational issues encountered during implementation and testing. The report found that, while States' concerns about the reliability of the technology, and the stigma that it might cause program participants, was generally unfounded, uncertainty remains about the extent to which this technology can reduce multiple participation fraud. The other report offers an overview of biometric identification technology, examining the functional capabilities, performance, and applications of the various technologies with a particular focus on finger imaging, the most commonly used and well known.
- In FY 2000, the General Accounting Office (GAO) issued a report examining whether improved data sharing among Federally funded benefit and loan programs could improve the accuracy of eligibility determinations in those programs. GAO found that the programs reviewed in its study—TANF, HUD housing, and student educational assistance—require similar information from individuals in order to determine eligibility for these programs. Although the Food Stamp Program is mentioned only briefly in the report, the GAO concludes that it, too, could benefit from data sharing with the programs studied by the GAO. The report recommended actions to streamline, improve and increase data sharing to prevent improper payments in Federal benefit and loan programs.
- In addition to the fiscal year 2000 reports listed above, GAO issued a report in January 2001, titled *FSP - States Seek To Reduce Payment Errors And Program Complexity*. The report identified States' efforts to minimize food stamp payment errors and examined what FNS has done and could do to encourage and assist the States in reducing such errors. GAO found that all States contacted had taken actions in recent years to reduce payment errors. State officials said their primary challenge to reducing errors stemmed from the priority their States have given to implementing welfare reform, which competes with FSP for management attention and resources. The report looked at FNS' use of financial sanctions and enhanced funding, reporting requirement changes for certain recipients, and the promotion of information exchange about successful initiatives between States, and concluded that all three approaches can help States reduce payment errors. The report also concluded that

simplifying the programs' rules offers an opportunity to reduce payment errors and promote program participation. GAO recommended that FNS (1) develop and analyze options for simplifying requirements for determining eligibility and benefits; (2) discuss these options with Congressional authorizing committees; and (3) if warranted, submit legislative proposals to simplify the program.

Increase claims collections to recover program losses and deter recipient overpayments

Percent of newly established claims collected

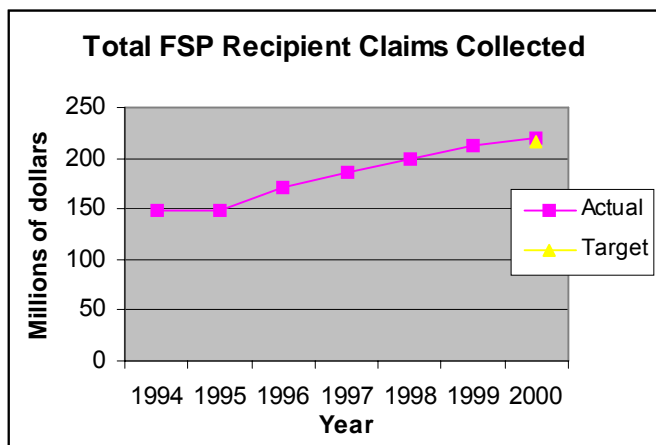
Target: 71%

Actual: 87.6%

State-reported claims collected

Target: \$215.8 million

Actual: \$219 million



Year	Claims collected (millions of dollars)	Target
1994	147.8	
1995	148.6	
1996	171.5	
1997	186.0	
1998	199.5	
1999	213	
2000	219	215.8

2000 Data: The new claims established and collection data is taken from specific line items in reports (FNS-209) submitted to FNS by States quarterly and subject to review for consistency by FNS. The collection data is reliable. The "percentage of newly established claims" measure specifically compares data from "the newly established" claims and collection line items found in FNS 209 reports. In past years both FNS and OIG have identified problems with accuracy of the information provided by States in terms of the historical number and value of unpaid recipient claims. Some State agencies could not support the unpaid balances reported in their FNS-209 reports. Other State agencies had backlogs of claims to be entered into their accounting systems.

FNS and State agencies are working to improve State controls and the accuracy and comprehensiveness of all of the information found in the FNS 209 reports. The data for this performance measure, however, is drawn from collection information and from information on the value of claims that are newly established. Past reviews have not shown widespread problems with this specific information and do not prevent the use of this information as a general management indicator.

Analysis of Results: The program exceeded its targets for this measure. Because the program exceeded the fiscal year 1999 target for dollar value of claims collections by such a large extent, the original fiscal year 2000 target was increased from \$193.6 million to \$215.8 million in the fiscal year 2001 Annual Performance Plan. Even with this adjustment, the program significantly exceeded FNS's performance goals for both the percentage of newly established claims collected and the total dollar value of claims collected, demonstrating strong performance in recouping losses due to error.

Current Fiscal Year Performance: Despite the outstanding performance in recipient claims collections during fiscal year 2000, FNS anticipates that claims collections may slow down in fiscal year 2001, and therefore is not adjusting upward its originally established target for that fiscal year. Two factors affect this

decision, both of which may have a negative impact on the amount of claims dollars collected; the first is the fact that preexisting backlogs of claims have been reduced over the past few years, and the second is that the reduction in the size of the overall caseload the program has been experiencing will reduce the number of claims that States will need to establish.

Program Evaluations: None completed related to this goal in fiscal year 2000.

<u>Maintain baseline number of sanctions against violating stores</u>
Number of sanctioned stores
Target: 1,365
Actual: 1,349

2000 Data: The data on the number of sanctioned stores for fiscal year 2000 comes from data directly entered by FNS employees into the agency automated system for tracking authorized retailer data (STARS). As this database is the administrative recordkeeping system for those FNS personnel responsible for initiating sanction actions against the stores, and is maintained by them, the data used represents a highly-reliable census of sanction activity.

Analysis of Results: FNS narrowly missed its performance target for this objective. The final target of 1,365 stores sanctioned for fiscal year 2000 was revised upward in the fiscal year 2001 Annual Performance Plan from an original target of 1,201 stores, based on the strong level of performance achieved in fiscal year 1999. Performance in fiscal year 2000 substantially exceeded the original target, but fell approximately 1.2% short of the final target. FNS views this performance level as substantial achievement of its goal.

Description of Actions and Schedules: FNS intends to continue to refine its efforts to detect fraud and better target its investigative resources, in order to maintain its overall level of sanction activity. The narrow margin by which the final fiscal year 2000 sanctioned store target was missed does not require any major revisions in the manner in which the Agency approaches retailer sanction activities.

Current Fiscal Year Performance: FNS expects to meet or exceed our target for fiscal year 2001, maintaining the deterrent effect of its retailer monitoring efforts. This level of sanction activity is intended to provide an ongoing deterrent against program violations among retailers, and is also targeted to the most serious program violations.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in fiscal year 2000:

- FNS released *The Extent of Trafficking in the Food Stamp Program: An Update*, which duplicated the methodology of a data-based estimate of the prevalence of Food Stamp trafficking in 1993 to generate an estimate for the 1996-1998 calendar year period. The report found that the amount of store trafficking for cash decreased from \$815 million in 1993 to about \$660 million per year in 1996-1998, a 19 percent decline. It also showed that the trafficking *rate* – which compares dollars trafficked to benefits issued – declined 8 percent: from almost four cents of every dollar of food stamp benefits issued to three-and-one-half cents of every dollar issued.
- In FY 2000, the General Accounting Office (GAO) issued a report examining the extent to which States with Statewide EBT systems are identifying and disqualifying recipients engaged in trafficking and the actions FNS has taken to encourage States to identify and disqualify recipients engaged in trafficking. GAO recommended that FNS work with the five States now using EBT data to determine the best techniques for using the data to identify suspected recipient traffickers, work with other States with Statewide EBT systems to implement these techniques, and use EBT data to periodically develop reliable estimates of the extent of trafficking, as well as better strategies to reduce trafficking.

Reduce percentage of authorized stores that do not meet regulatory eligibility requirements for type and amount of foods sold.

Target: 1.54%

Actual: 1.48%

2000 Data: The percentage of authorized stores that do not meet food stock eligibility requirements was obtained through a survey of a statistically-valid random sample of authorized stores reviewed by FNS personnel during fiscal year 2000.

Analysis of Results: In fiscal year 2000, FNS exceeded its target, which was to maintain the baseline of 1.54% established in 1999. The 1.48% estimate for fiscal year 2000 identified by the survey indicates strong agency performance in monitoring and ensuring retailer compliance with food stock requirements.

Current Fiscal Year Performance: FNS's intention for fiscal year 2001 is to maintain the high level of compliance achieved in fiscal year 2000.

Program Evaluations: In FY 2000, USDA's Office of the Inspector General (OIG) issued an audit on "Food Stamp Program Participation By Banned Retailers". The audit determined that FNS controls to prevent continued participation by disqualified retailers needed to be strengthened. It recommended specific improvements to FNS systems, including automated searches for all applicant retailers, and suggested that EBT, which potentially can provide more immediate information about disqualified retailers and their continued acceptance of benefits, might improve the effectiveness of existing controls.

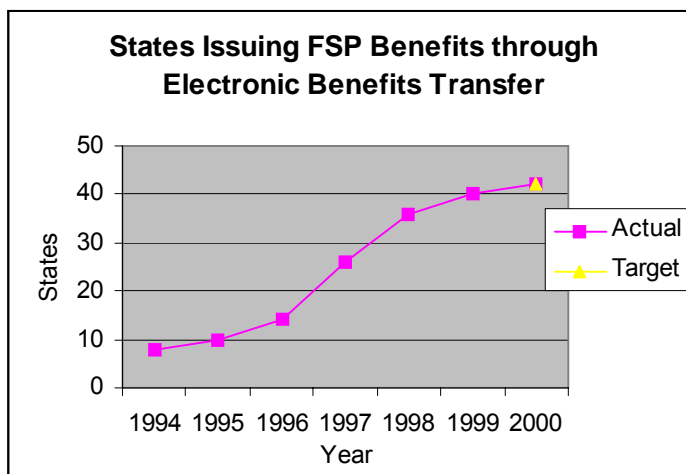
Objective 1.3: Improved program efficiency

Key Performance Goals

Increase number of States/Territories issuing benefits by electronic benefits transfer (EBT)

Target: 42

Actual: 42



Year	States using EBT	Target
1994	8	
1995	10	
1996	14	
1997	26	
1998	36	
1999	40	38
2000	42	42

2000 Data: FNS has high confidence in the data reported for this objective. The number of States issuing benefits by EBT as of the end of the fiscal year is reported through a number of corroborating sources, which can be verified by FNS staff.

Analysis of Results: The program met this performance goal.

Current Fiscal Year Performance: Based on performance in fiscal year 2000, FNS expects the program to meet its goal for States issuing benefits by EBT for fiscal year 2001. In the 2001 Annual Performance Plan, the target for this performance measure has been converted from number of States issuing benefits through EBT to the percentage of monthly total benefits issued nationally through EBT by the end of the fiscal year, to better reflect the Agency's efforts to achieve Statewide implementation of EBT benefits.

Program Evaluations: In fiscal year 2000, USDA's Office of the Inspector General (OIG) issued a number of audits related to State development of EBT systems, as part of an ongoing series it has conducted in recent years. Four reports, dealing with five States (Utah, North Dakota, South Dakota, Florida and Louisiana), were issued in fiscal year 2000. In general, OIG recommended that these States work to limit access to EBT management systems, improve written guidelines and procedures, and improve management of benefit expungement accounts.

Simplification of program administrative requirements

Number of CFR pages of requirements for the food stamp program

Target: 354

Actual: 440

Number of program waivers remaining (eliminated because they are no longer needed by States)

Target: 800

Actual: 941

2000 Data: The number of *Code of Federal Regulations* (CFR) pages devoted to Food Stamp Program rules comes from a physical count of the FSP related pages in the CFR published by the *Federal Register* each January. The number of State program waivers remaining as of the end of the fiscal year comes directly from a log maintained by FNS personnel, who are responsible for reviewing and approving waiver requests.

Analysis of Results: FNS did not achieve either of the performance targets under this goal. These reductions were expected as a result of rule changes that would have eliminated the need for waivers and regulatory text. However, changes in policy designed to address the significant decline in Food Stamp participation were made subsequent to the setting of this goal. Existing administrative requirements were retained in recently published rules and, in some instances, additional requirements were added. Therefore, expected reductions in the number of CFR pages and the number of State program waivers were not accomplished in fiscal year 2000.

Description of Actions and Schedules: As noted above, competing policy imperatives resulted in regulatory changes that did not reduce administrative requirements.

Current Fiscal Year Performance: No target for this performance measure has been set for FY 2001.

Program Evaluations: None completed in fiscal year 2000.

Goal 2: Healthful Diets for School Age Children

Objective 2.1: School meals are consistent with the *Dietary Guidelines for Americans* and the Recommended Dietary Allowances (RDAs)

Key Performance Goals

Increased access to nutritional information and expertise for school food service personnel

Number of schools receiving Food Buying Guide

Target: 50,000

Actual: None

2000 Data: Data related to distribution of the Food Buying Guide is obtained and monitored under contracts between FNS and the organizations (governmental and nongovernmental) that distribute the Guide. This data is quite reliable.

Analysis of Results: FNS did not meet its goal of printing and distributing 50,000 copies of the Food Buying Guide. As planned, FNS made the Guide available to the public on its website in December 1999. Comments received on its content, primarily from certain sectors of the food industry, caused FNS to withdraw it for a number of revisions.

Description of Actions and Schedules: FNS now expects to have the Guide completed and distributed by the end of fiscal year 2001.

Current Fiscal Year Performance: As noted above, FNS intends to complete distribution of the Guide to 50,000 schools, achieving its fiscal year 2000 performance goal, in late fiscal year 2001.

Program Evaluations: None completed in fiscal year 2000.

<u>Full implementation of School Meals Initiative monitoring by the States</u>	
Number of School Meal Initiative Monitoring reviews conducted by State Agencies	
Target:	3,200
Actual:	3,939
<u>Increased number of schools which meet the <i>Dietary Guidelines</i></u>	
Number of SFAs reviewed which require no corrective action to meet the <i>Dietary Guidelines</i>	
Target:	480
Actual:	782

2000 Data: Data related to School Meals Initiative monitoring by States is collected, compiled, and reviewed generally for consistency by FNS. However, the agency's ability to ensure complete and accurate data reported by State agencies on local school compliance with program nutritional requirements is limited by the fact that data collection is voluntary, informal, and without standardized procedures. These limitations are the result of the strong opposition from the school food service community to a more formal data collection process.

Analysis of Results: Data collected shows that FNS's quantitative target for the number of monitoring reviews by State agencies was exceeded by more than 20 percent.

In setting this performance goal, FNS estimated that State agencies would conduct School Meals Initiative reviews of 3,200 school food authorities (SFAs). This estimate represented one-fifth of all SFAs, and was based on the requirement that States must review all SFAs over a five-year period. While exceeding the quantitative target in the fiscal year 2000 plan, this figure must be viewed in light of the fact that States have no minimum requirement for reviews in any given year.

FNS set a target of 480 reviews for which no corrective action would be required. This number represents 15% of the estimated number of reviews to be conducted. The number of reviews that required no corrective action exceeded the target by a considerable amount (more than 60%), suggesting that FNS significantly underestimated the ability of SFAs to adjust to changes made in program nutrition requirements. While the data is encouraging, the unexpected magnitude of this figure and the voluntary nature of data collection requirements for this measure suggests that additional FNS oversight of State and local program operations would be useful to verify and validate this data. Notably, however, a recent national evaluation of the of the school meals programs shows that schools have made considerable progress in achieving the outcome sought under this goal – improvement in the nutritional content of school meals. (See "Program Evaluations, below, for more information.)

Current Fiscal Year Performance: FNS expects that States will perform substantially as projected during the current fiscal year. Given that States have conducted an above-average number of reviews over the last two years, with an especially high number last year, a somewhat lower-than-average number of reviews completed would be neither surprising nor inconsistent with the overall goal to monitor implementation of school meals improvements.

Program Evaluations: While no evaluations related to this goal were completed in fiscal year 2000, in early fiscal year 2001 FNS completed a major evaluation of meal quality in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP). The *School Nutrition Dietary Assessment II* examined data collected in 1998-99 from a nationally representative sample of over 1,000 public schools.

The data shows dramatic improvements in the number of schools offering students the opportunity to select a low-fat lunch (no more than 30 percent of calories from fat); 82 percent of elementary schools and 91 percent of secondary schools offered such meals. This represents a significant improvement from 1992, when only 34 percent of elementary schools and 71 percent of secondary schools offered meals that met this standard.

The strategic plan targets for meal quality in NSLP and SBP are based on the average nutrient content of meals offered. The study shows that in School Year 1998-99, lunches offered in participating schools provided, on average, about 34 percent of calories from fat, and an average of about 12 percent of calories from saturated fat. Both sodium and cholesterol in NSLP lunches decreased. These changes were made without compromising the nutrition of the meals served; school lunches were found to provide more than one-third of the Recommended Dietary Allowances (RDAs) for all targeted nutrients, and more than one-third of the daily recommended level of calories.

Measure	1992 level (SNDA-I)	1999 level (SNDA-II)	2005 Target (USDA Strategic Plan)
NSLP Lunches:			
% of calories from fat	38%	33.6%	≤30%
% of calories from saturated fat	15%	11.8%	≤10%
Calories	33%	36%	≥33.3%
Targeted nutrients (vitamins A and C, iron, and calcium)	≥33.3% for all	≥33.3% for all	≥33.3% for all
SBP Breakfasts:			
% of calories from fat	31%	25.9%	≤30%
% of calories from saturated fat	14%	9.8%	≤10%
Calories	24%	22%	≥25%
Targeted nutrients (vitamins A and C, iron, and calcium)	≥25% for all	≥25% for all	≥25% for all

The changes that the study found represent significant improvement from the baseline data on the nutrient content of school meals derived from the original *School Nutrition Dietary Assessment* (SNDA-I), released in 1993, which collected data on meals offered during the 1991-92 school year. However, the rate of change in the nutrient content of meals shown by the new data suggests that the program is not likely to achieve its 2005 goal to bring the average nutrient content of all meals offered in line with regulatory requirements without additional efforts by FNS and its program partners.

Another study completed by FNS in early fiscal year 2001, the *School Meals Initiative Implementation Study*, examined data collected in 1997-98 from a nationally representative sample of over 2,000 public School Food Authorities (SFAs) participating in the National School Lunch and School Breakfast Programs, and from 50 State Child Nutrition Program Directors. The evaluation shows that most school districts are taking a variety of steps to achieve the nutrition objectives for school meals updated in 1995 as part of the School Meals Initiative for Healthy Children. The study also collected data from school years 1998-99 and 1999-2000; subsequent reports will provide an update on implementation activities.

Objective 2.2: Children make food choices for a healthy diet**Key Performance Goal**

<u>Increased use of nutrition education resource materials and messages by State and school personnel</u>
Average monthly inquiries to Healthy Meals Resource System by State and school personnel
Target: 2,140
Actual: 5,154

2000 Data: Data on the Healthy Meals Resource System is reported to FNS by the National Agricultural Library (NAL), which operates the system under a cooperative agreement with the Agency. FNS considers the data quite reliable. The measure reflects several activities carried out by NAL to respond to the information needs of school food service personnel, including use of various information sections found on the Healthy Meals Resource System Web page as well as a document lending system.

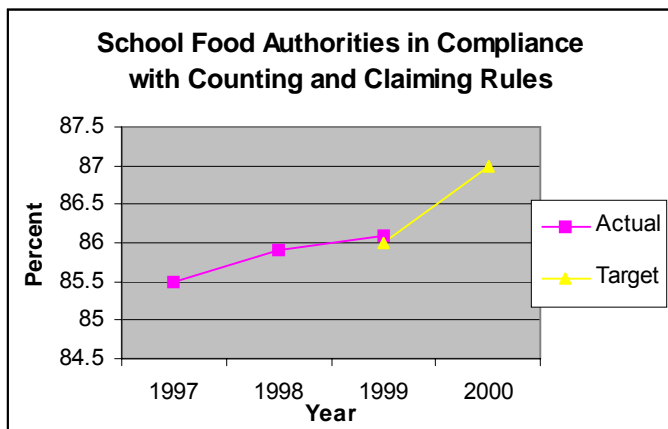
Analysis of Results: The programs significantly exceeded FNS's performance target under this goal. For fiscal year 2000, FNS anticipated an approximate growth of 10 percent from the target set for fiscal year 1999. Actual data for fiscal year 2000 show an average monthly total of 5,154, which is a 23 percent increase in the use of the Healthy Meals Resource System web page over fiscal year 1999. As in the fiscal year 1999, the likely explanation for this increase in usage is the widespread growth in World Wide Web access for FNS' program partners, with resulting improvements in convenience and efficiency for those who previously accessed the System through its lending library.

Current Fiscal Year Performance: Based on its fiscal year 2000 experience, FNS expects continued growth in the use of NAL services during fiscal year 2001.

Program Evaluations: None conducted in fiscal year 2000.

Objective 2.3: Improved program integrity**Key Performance Goal**

<u>Increased compliance with program regulations regarding counting and claiming meals</u>
Percent of SFAs in compliance with Performance Standard 1
1999 Target: 86%
1999 Actual: 86.1%
2000 Target: 87%
2000 Actual: Data available 3 rd quarter, fiscal year 2001



Year	% of SFAs in Compliance	Target
1997	85.5	
1998	85.9	
1999	86.1	86
2000	Not available	87

2000 Data: FNS uses its Coordinated Review Effort (CRE) to assess compliance by local schools participating in the National School Lunch and School Breakfast Programs with Performance Standard 1 of the Assessment, Improvement and Monitoring System. This system measures school performance in approving free and reduced price meal applications, and reporting meal counts, accurately and properly.

CRE Data is collected by State agencies and forwarded to FNS, where it is reviewed and analyzed. While FNS procedures include extensive edit-checks on this data, its reliability depends upon the State agencies' ability to provide effective training and oversight. Because FNS lacks the resources to oversee States' monitoring activity directly, its ability to guarantee the quality of the data is limited.

Final data for fiscal year 2000 goal will not be available until 3rd Quarter, fiscal year 2001. This will be reported in the Fiscal Year 2001 Annual Performance Report. Fiscal year 1999 data is reported and analyzed below.

Analysis of Results: Data for fiscal year 2000 is not available. Data for fiscal year 1999 shows that the program slightly exceeded its fiscal year 1999 benefit accuracy target of 86 percent of schools in compliance with counting and claiming performance standards.

Current Fiscal Year Performance: Since an assessment of fiscal year 2000 activity under this goal is not yet possible and results for fiscal year 2001 will not be available until late in fiscal year 2002, FNS cannot yet project current year performance.

Program Evaluations: None conducted in fiscal year 2000 related to this performance goal.

Goal 3: Improved Nutritional Status and Health of Low-income Women, Infants and Children (WIC Program)

Objective 3.1 Improved program efficiency and integrity

Key Performance Goals

<u>States adopt initiatives to contain WIC food costs</u>	
Food cost per participant	
1999 Target:	\$32.63
1999 Actual:	\$32.52
2000 Target:	\$33.42
2000 Actual:	Data available April 2001

2000 Data: Data on program participation and expenditures is compiled from State agency reports, entered into FNS data collection systems at the regional level, and checked for consistency by regional and headquarters staff. Final WIC participation and expenditure data for fiscal year 2000 will not be ready until April 2001, and will be reported in the Fiscal Year 2001 Annual Performance Report. Fiscal year 1999 data is reported below.

Analysis of Results: While data on food costs for fiscal year 2000 is not yet available, FNS met its fiscal year 1999 target for WIC food costs per participant. This success in containing WIC food costs reflects the program's use of infant formula rebate contracts. Savings that resulted from these contracts in fiscal year 1999 was sufficient to support the participation of approximately 2 million women, infants and children.

Current Fiscal Year Performance: Since data on fiscal year 2000 performance is not yet available, FNS is unable to assess how the performance in that year impacts the current fiscal year. The agency is continuing its efforts to encourage States to contain WIC food costs. FNS published an interim final rule

on infant formula rebates in August 2000 that strengthens current requirements to use a single-supplier competitive method to provide a rebate for infant formula. It also addresses new cost containment requirements that respond to recent changes in the infant formula industry, optimizes competition in the rebate contract arena, and requires State agencies to award infant formula rebate contracts based on lowest net price.

Program Evaluations: In FY 2000, the General Accounting Office (GAO) issued a report, mandated by Congress as part of WIC reauthorization legislation that assesses the various costs of administering WIC and delivering nutrition services. According to the GAO, in FY 1998 approximately \$1.14 billion in Federal, State and local funds was received by State agencies and those Indian Tribal Organizations responding to WIC's survey for the purpose of providing nutrition services and administrative costs. State level agencies reported spending 91% of their \$232 million in nutrition services and administration expenses for direct cost expenditures; personnel and fringe benefits accounted for the largest percentage of their direct costs. The report contains no recommendations.

Improved vendor selection

Number of violations

1999 Target: 6,167

1999 Actual: 4,234

2000 Target: 6,013

2000 Actual: Data available May 2001

2000 Data: Data on WIC vendor violations is compiled from State agency reports and checked for consistency by regional and headquarters staff. Fiscal year 2000 data is due from States to FNS by January 31, 2001; finalized data should be available by early May 2001, and will be reported in the Fiscal Year 2001 Annual Performance Report. Fiscal year 1999 data is reported below.

Reporting methodology for this data has changed since the fiscal year 1999 and 2000 targets were set in late 1997. A workgroup comprised of Federal and State WIC program representatives analyzed the vendor monitoring reporting process and data elements, developing a number of recommendations for improvement. One problem identified in this analysis was potential ambiguity about two reporting categories, resulting in a risk of double-reporting of certain violations. Beginning in fiscal year 1999, the workgroup recommendations were implemented, changing the reporting process; as a result, a source of potential inaccuracy was eliminated for fiscal year 1999 and 2000 data. However, modest adjustments in the both fiscal year 1999 and 2000 targets (reductions of approximately 500 violations each year) would be needed to ensure that any possible double-counting of violations was eliminated from the targets calculated for those years.

Analysis of Results: Data for Fiscal Year 2000 is not yet available. Fiscal year 1999 data indicates that WIC substantially surpassed its performance target of 6,167 vendor violations detected; a total of 4,234 violations were reported by State agencies. (This level of performance exceeds by a comparable proportion the fiscal year 1999 target adjusted for changes in data reporting methodology discussed above.)

The reasons for the substantially lower-than-expected number of violations of WIC vendor rules are unclear. While this may reflect significant improvement in compliance with program rules, changes in State WIC oversight and reporting may also play a role. Additional inquiry and analysis is need to draw any conclusions.

Current Fiscal Year Performance: As fiscal year 2000 data is not yet available, FNS is unable to assess how the performance in that year impacts the current fiscal year. However, FNS remains committed to strengthening WIC program management, and has taken important steps to improve program oversight by State and local WIC agencies, to make administrative changes that better manage the program and prevent problems, and to collect more complete data on program abuse. On May 17, 2000, all WIC State

agencies were required to implement a final FNS regulation that established mandatory uniform sanctions across all State agencies for the most serious WIC Program vendor violations. In addition, the rule requires the disqualification of a WIC vendor who is disqualified from the Food Stamp Program, unless such disqualification would result in inadequate participant access.

Further, on December 29, 2000, FNS issued a final regulation developed to strengthen the vendor management in retail food delivery systems by establishing mandatory selection criteria, training requirements, criteria to be used to identify high-risk vendors, and monitoring requirements including compliance investigations.

Program Evaluations: None conducted in fiscal year 2000 related to this performance goal.

EBT implemented in additional States

Number of States initiating EBT pilot projects for WIC

Target: 2

Actual: 3

2000 Data: The number of States initiating electronic benefits transfer (EBT) pilot projects for WIC is drawn from FNS administrative records developed as part of FNS's ongoing partnership with State agencies on these projects.

Analysis of Results: FNS exceeded its target for fiscal year 2000 to have 2 States initiating EBT pilot projects for WIC. (The target had been revised in the Fiscal Year 2001 Annual Performance Plan.) The program was able to add two more States launching EBT pilot projects in Fiscal Year 2000, for a total of three projects now underway. Implementation of pilots has progressed more slowly than initially planned due to protracted discussions and negotiations between State agencies and EBT contractors on technical and operational issues. The required technology for WIC EBT applications has not moved into the retailer community as rapidly as anticipated. In the interest of using limited federal resources wisely, FNS has changed its WIC EBT goals to match the pace of technology roll-out in the marketplace.

Current Fiscal Year Performance: As noted above, FNS is encouraging States to implement EBT at a rate consistent with technological development, to prevent excessive costs that could result from the use of technologies ahead of their emergence in the marketplace. During Fiscal Year 2000, special EBT system development grants were provided to support a number of State projects now underway or being planned. The agency also began revising WIC's Functional Requirements Document (FReD), including minimum EBT requirements for States to use in developing systems.

As noted above, FNS revised its performance targets in its Fiscal Year 2001 Annual Performance Plan to reflect the pace of technology developments and retailer equipment; the agency now hopes to have five WIC EBT pilot projects initiated by the end of fiscal year 2001.

Program Evaluations: None conducted in fiscal year 2000 related to this performance goal.

Objective 3.2: Improved dietary practices of participant women and children

Key Performance Goals

Increased implementation of National Breastfeeding Campaign

Number of States that implement some or all of the campaign

Target: 45

Actual: 55

Increased breastfeeding rate

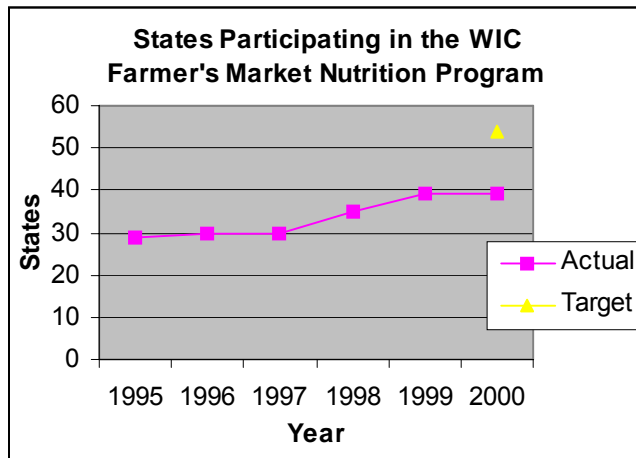
Target: 42%

Actual: Data available March 2002

Increased number of State agencies participating in the Farmers' Market Nutrition Program

Target: All States (55)

Actual: 39



Year	FMNP States	Target
1995	29	
1996	30	
1997	30	
1998	35	
1999	39	39
2000	39	55

2000 Data: Information on breastfeeding promotion activities is derived from State reports collected and consolidated by FNS.

Data on breastfeeding initiation is derived from the "Study of WIC Program and Participant Characteristics," a census of WIC participants conducted every two years; data is thus collected for even years only. Fiscal year 2000 data will be finalized during the second quarter of fiscal year 2002, and will be reported in the Fiscal year 2002 Annual Performance Report.

Data on the number of States participating in the WIC Farmers' Market Nutrition Program is derived from State agency reports to FNS, and verified through administrative records.

Analysis of Results: The program significantly exceeded FNS's fiscal year 2000 goal to have 45 State agencies and Indian Tribal Organizations using the materials developed by FNS through the WIC National Breastfeeding Promotion *Loving Support* Campaign as the centerpiece of their breastfeeding promotion efforts. At least 55 State agencies and Indian Tribal Organizations are now using these materials.

Data on the rate of breastfeeding initiation among WIC participants in fiscal year 2000 will be available in fiscal year 2002.

The program did not meet FNS's goal of securing the participation of all (55) States in the Farmers' Market Nutrition Program in fiscal year 2000. Despite efforts to promote the program among nonparticipating States, FNS did not receive any new applications from States to participate in FMNP in fiscal year 2000.

Description of Actions and Schedules: The agency's analysis suggests that while its promotional efforts have succeeded in making all States aware of the availability of the program, many have chosen not to pursue its implementation. In current FMNP States, however, there is evidence that there are increased activities by State agencies and increased numbers of vendors and participants, demonstrating the program's continued vitality.

Current Fiscal Year Performance: FNS is continuing these efforts to promote breastfeeding in WIC that should have a positive impact on the breastfeeding initiation rate. The agency has:

- Convened Breastfeeding Promotion Consortium meetings to maintain partnerships among those involved in breastfeeding efforts;
- redesigned and translated *Loving Support* materials for Spanish-speaking WIC clients;
- printed and distributed Breastfeeding Promotion Physician's Kits to key physicians' groups;
- developed materials directed toward the African-American population—a group with lower breastfeeding rates than other parts of the WIC population—that focus on promoting breastfeeding awareness and support, and on strengthening the role of fathers within the family context; and
- made special project grant funds available to Mississippi to evaluate the effectiveness of the *Loving Support* campaign in increasing breastfeeding incidence and duration.

FNS continues to promote FMNP through a variety of means, including the Secretary's Interagency Committee on Small Farms and participation in the National Association of Farmers' Market Nutrition Programs annual outreach conference. However, FNS does not anticipate that significant numbers of new States are likely to join the FMNP in the near future, and is focusing its current efforts on increasing utilization of the program in the States where it is now being operated. As noted above, the Agency has evidence that there are increased activities by participating State agencies and increased numbers of FMNP vendors and participants.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in fiscal year 2000:

- The Economic Research Service (ERS) released a study on "Maternal Nutrition Knowledge and Children's Diet Quality and Nutrient Intakes" that found significant evidence that the more a mother knows about health and nutrition, the better is the overall quality of her children's diet, for preschoolers more so than older children. The study also found that a mother's years of schooling, smoking status, race, and ethnicity influence her children's diet. The results suggest that health and nutrition education may be more effective if targeted toward mothers with young children, but directly toward school-age children.
- ERS released a study on "WIC and the Nutrient Intake of Children". It found that, after controlling for self-selection bias, participation in the WIC program (Special Supplemental Nutrition Program for Women, Infants, and Children) has a significant positive effect on children's intakes of iron, folate, and vitamin B-6. Iron is one of the five nutrients targeted by the program, the others being protein, calcium, vitamin A, and vitamin C; folate and vitamin B-6, along with zinc, were recommended by a 1991 USDA study as nutrients that the program should also target.
- ERS released a study on "The Effect on Dietary Quality of Participation in the Food Stamp and WIC Programs". The study found that participants in the Food Stamp Program consume more meats, added sugars, and total fats than they would in the absence of the program, while their consumption of fruits, vegetables, grains, and dairy products stays about the same. Participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) consume significantly less added sugars, which may reflect the substitution of WIC-supplied juices and cereals in place of higher sugar soft drinks and cereals. This study used data on low-income Americans from the Continuing Survey of Food Intake by Individuals.
- In FY 2000, the General Accounting Office (GAO) issued a report assessing various cost aspects of WIC nutrition services and administration. The report describes how 6 diverse WIC local agencies administer and deliver program services, based on interviews with State and local agency officials and one month time studies at each of the local clinics. GAO determined that the clinics varied dramatically in the type and depth of services provided. The report contained no recommendations.

Objective 3.3: Improved nutritional qualifications of State and local WIC staff**Key Performance Goals**Increased recruitment and retention of qualified nutrition staff in the WIC Program

Percent of WIC staff who are registered dietitians or RD-eligible

Target: 50%**Actual:** Data available Fall 2001

Percent of WIC staff who are registered dietary technicians

Target: 5%**Actual:** Data available Fall 2001

2000 Data: Data on recruitment and retention of qualified nutrition staff in the WIC Program is collected through a survey of State WIC Programs, including funding levels and staffing credentials, to be conducted by the Association of State and Territorial Public Health and Nutrition Program Directors (ASTPHND). ASTPHND now conducts the survey less frequently than previously; data collection for the next survey was to be completed in December 1999, and a final report was to be issued after September 2000. However, due to a delay in compiling the information the report will not be issued until Fall 2001, and will be reported in the Fiscal Year 2001 Annual Performance Report. (Given that no data collection occurred in fiscal year 1999, FNS will not be able to report fiscal year 1999 results for this measure.)

Analysis of Results: Data will be available Fall 2001.

Current Fiscal Year Performance: Data is not available to determine the impact of fiscal year 2000 performance on the current fiscal year. However, FNS is continuing its efforts to improve professional development opportunities for local WIC nutritionists. The agency is working with the Society for Nutrition Education (SNE), the American Public Health Association (APHA), National Association of WIC Directors (NAWD), and others, to develop strategies to strengthen and improve WIC nutrition education, including training opportunities and professional development opportunities for WIC staff. As part of this effort, FNS developed two new in-service trainings (Bright Futures for WIC Nutrition Services and Bright Futures for Babies) for WIC State and local agency staff. It also provided funding for State and local WIC staff to attend the National Maternal Nutrition Intensive Course, a three-day continuing education training session designed to improve the knowledge and skills of nutrition and health professionals who provide nutrition services to low-income, nutritionally at-risk pre-conceptional and pregnant women. This course meets the continuing education requirements needed for maintaining professional credentials of Registered Dietitians.

Program Evaluations: None conducted in fiscal year 2000 related to this performance goal.

Objective 3.4: Improved health outcomes of program participants**Key Performance Goals**Increased consistency in the use of scientifically sound nutrition risk criteria among States

Number of WIC State agencies using consistent risk criteria promulgated by FNS and the National Association of WIC Directors

Target: All State agencies (88)**Actual:** All State agencies (87)Expanded WIC services, service referrals, and coordination at Community Migrant Centers and Indian Health Service (IHS) facilities

Percent of Community Migrant Health Centers (MHC) and IHS clinics co-located with WIC

1999 Target: 75%**1999 Actual:** Data not available

2000 Target: 80%
2000 Actual: Data not available
<u>Increased immunization of WIC pre-school children</u>
Immunization rate of WIC pre-school children for DPT
1999 Target: 95%
1999 Actual: 80.3% ($\pm 1.2\%$)
2000 Target: 95%
2000 Actual: Data available April, 2001
Immunization rate of WIC pre-school children for IPV
1999 Target: 88%
1999 Actual: 88.2% ($\pm 0.9\%$)
2000 Target: 88%
2000 Actual: Data available April, 2001

2000 Data: Data on the number of States utilizing consistent risk criteria was compiled by FNS from State agency reports, and verified through FNS review of WIC State agency plans.

Data on expanded WIC services, service referrals, and coordination at Community Migrant Centers and Indian Health Service (IHS) facilities was not collected as anticipated in the Fiscal Year 1999 and 2000 Annual Performance Plans. The "Study of WIC Program and Participant Characteristics," which was intended to serve as the source for performance data related to co-location, collects data in even years only; thus 1999 data will not be available. The portion of the study dealing with local agency operations was discontinued in fiscal year 2000, so that no data for that year will be available.

Data on the rate of WIC children who were immunized for DPT and IPV will be derived from the National Immunization Survey conducted by the Centers for Disease Control and Prevention (CDC). 2000 data will be available in April 2002, and will be reported in the FY 2002 Annual Performance Report. 1999 data is reported below. FNS uses the immunization rates for these two vaccines as a proxy measure for WIC's efforts to refer children successfully into the immunization system. While the data source identifies the rate of pre-school WIC participants that have been immunized, it does not permit a determination of the extent to which WIC health referrals actually resulted in immunization, limiting the validity of this measure as a direct indicator of WIC program performance.

Analysis of Results: The program met FNS's fiscal year 2000 goal for all State agencies to use the consistent risk criteria developed by FNS and NAWD. (The actual number of State agencies using the risk criteria dropped from 88 to 87 because one "State agency"—an Indian Tribal Organization—is no longer participating in the program.) For the second year in a row, all WIC State agencies reported using these criteria. This represents a critical step in ensuring that the WIC program is carefully targeted to those who will truly benefit from the program, now matter where they live across the country.

Data on expanded WIC services, service referrals, and coordination at Community Migrant Centers and Indian Health (IHS) facilities is not available as originally planned. The most recent data available, drawn from the "Study of WIC Program and Participant Characteristics, 1998," shows that:

- 6.6% of WIC sites, or approximately 600 WIC sites offered enrollment that year in community or migrant health center services. This number is approximately 20 percent of the number of community or migrant health centers
- 3% of WIC sites, or approximately 250 WIC sites, offered enrollment in IHS facilities. This number reflects over 100 percent of the number of IHS clinics nationwide, suggesting that some of these facilities receive referrals from two or more WIC clinics.

While these numbers allow a rough estimate of the magnitude of coordination between WIC clinics and these health centers, the data does not permit a determination of the proportion of those centers that either receive referrals from WIC clinics or are co-located with WIC.

FNS engaged in a wide range of efforts intended to improve coordination between WIC and other health services in fiscal year 2000, including:

- efforts to resolve policy and operational issues with such organizations and programs as Head Start, Healthy Start, Medicaid, NAWD, and the Infant Mortality Commission;
- Work with HHS on the Children's Health Insurance Program, developing strategies for outreach and referral and sharing strategies with State agencies; and
- Technical assistance was also provided to the Department of Defense (DoD), in its effort to implement a WIC-like program for its military personnel stationed overseas, support staff, and their dependents.

Data for fiscal years 2000 on immunization of pre-school children in WIC is not yet available. Fiscal year 1999 data shows that WIC did not meet FNS's fiscal year 1999 target of 95% of WIC pre-school children receiving a full course of diphtheria/tetanus/pertussis (DTP) vaccine; about 80% of children aged 19-35 months had received the vaccine. (A significantly higher number had received 3 of the 4 required doses of the vaccine.)

For poliovirus (IPV) vaccination, in fiscal year 1999 WIC met FNS's target of 88% of WIC pre-school children receiving the vaccine.

Current Fiscal Year Performance: FNS expects all WIC State agencies to continue using the consistent risk criteria promulgated by FNS and NAWD in the current fiscal year, meeting the agency's fiscal year 2000 goal.

In the area of expanding WIC services, referrals and coordination, FNS printed and distributed a "best practices" guide during fiscal year 2000, which should support improvement in coordination and co-location during fiscal year 2001. It also recently published a "Coordination Strategies Handbook: A Guide for WIC and Primary Care Professionals," which serves as a reference tool for local agencies in pursuing coordination and collocation efforts.

With regard to immunization, an Executive Memorandum was issued in December 2000 directing USDA to establish a standardized procedure for immunization screening and referral of children at WIC certification and to complete a strategic plan by February 2001 to improve immunization rates of children participating in WIC. FNS is working with CDC, NAWD, the American Academy of Pediatrics, and others to accomplish the directives of the Executive Memorandum.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in fiscal year 2000:

- FNS released the *WIC Participant and Program Characteristics 1998* report, the latest in a series of biennial reports on current WIC participation and program characteristics, which it relies on for program monitoring and management, budget estimates, identifying needs for research, and reviewing current and proposed WIC policies and procedures. Reports include information on income, race/ethnicity, household size, participation in other programs, nutritional risk, and other characteristics of WIC participants.
- FNS released the *Profile of WIC Children* report, which used existing data to develop a profile of WIC children. It showed that WIC-participating children differ not only from high-income children, but also from the larger population of low-income children; they are more economically needy—one quarter are under 50% of poverty—and they are more likely to have received WIC as infants. Nearly all receive Medicaid, 43% receive AFDC/TANF, 60% receive food stamps and 10% live in subsidized housing. WIC children are more disadvantaged in many aspects of household well-being and environment, and are more likely to suffer developmental delays, than other low-income children.

Goal 4: Improved Nutritional Status of Children in Day-Care Settings (CACFP)**Objective 4.1: Improved nutritional quality of CACFP meals****Key Performance Goal**Improved nutrition knowledge of CACFP providers

Number of day care center providers receiving nutrition education materials

Target: 15,000**Actual:** 48,000

2000 Data: Data related to distribution of CACFP Menu Planner is obtained and monitored under contracts between FNS and the National Technical Information Service of the Department of Commerce; FNS considers the data quite reliable.

Analysis of Results: FNS exceeded its performance goal in Fiscal Year 2000 by a considerable amount.

At the time the Fiscal Year 2000 Annual Performance Plan was developed, FNS believed that it could make only a partial distribution of the Menu Planner by the end of fiscal Year 2000. As it turned out, the development and distribution was accomplished more quickly than expected. The Menu Planner was distributed in July 2000 to all child care centers participating in the CACFP, as well as to FNS regional offices and State agencies. The total number distributed was 48,000, reflecting distribution to all participating centers, as well as additional copies sent to administering agencies to be used as necessary.

Current Fiscal Year Performance: Universal availability of this technical assistance resource should contribute to the improved quality of meals served in CACFP child care centers in fiscal year 2001 and beyond.

Program Evaluations: None conducted in fiscal year 2000.

Objective 4.2: Improved program integrity**Key Performance Goal**Better targeted and higher quality program reviews of sponsors and providers by State agencies

Number of reviews conducted

Target: To be determined**Actual:** Data not available

2000 Data: Data on the number of State-level CACFP reviews conducted is not available. Implementation of the reporting mechanism initially planned as part of an enhanced State agency review system was suspended in favor of a comprehensive and aggressive effort to improve CACFP management through training, technical assistance, and increased program oversight in the form of management evaluations of State agency operations. The agency revised its indicators for improving CACFP management in the Fiscal Year 2001 Annual Performance Plan, and will begin reporting based on the new indicators in that year's performance report.

Analysis of Results: While data related to the performance indicator was not collected as originally planned, FNS has worked aggressively during fiscal year 2000 to improve CACFP management, by training regional office and State agency personnel using management guidance materials developed by the FNS Management Improvement Taskforce. The revised management improvement strategy developed by FNS and reflected in its Fiscal Year 2001 Annual Performance Plan focuses on FNS oversight of State agencies and State agencies training their sponsors using improved training materials.

Fiscal year 2001 targets for these efforts are comprehensive FNS management evaluations of all State agency CACFP operations, including one focused management evaluation in each FNS region, and training of all CACFP sponsors by State agencies using the revised guidance.

FNS regional office reports indicate that in Fiscal Year 2000, USDA reached its target of conducting management evaluations of CACFP State agencies. In general, regional offices conducted management evaluations in accordance with FNS revised management evaluation guidance in all States; in six of these States, FNS used a survey-based management evaluation process that differed somewhat from the procedures originally envisioned, but which covered all the review areas in the guidance. In addition, regional offices used their management evaluations of four State agencies to do "follow up" reviews of State agencies that had significant problems identified in prior year management evaluations. In these situations, evaluations were focused on these problems and comprehensive management evaluations were not carried out. A preliminary analysis of management evaluation reports received to date shows that noteworthy problems were uncovered in State-level administration in eight States. In addition, significant problems were uncovered at the family day care home sponsoring organization level in nine States. Corrective action activity has been initiated in all cases.

At this point, FNS believes that it is premature to accurately assess the overall effectiveness of this effort. Fiscal Year 2000 was the "start up" year for comprehensive management evaluations of all CACFP State agencies, and as a result, it had many of the problems generally associated with large efforts such as this, including reallocation of resources, training of staff, etc. Notwithstanding these problems, FNS believes that the management evaluation effort will contribute significantly to the CACFP management improvement effort.

During fiscal year 2000, all but two State CACFP administering agencies provided training to sponsors using the management improvement guidance developed by FNS. One State agency failed to do this training because of severe staff shortages and disruptions within its management team. FNS has advised State officials of the seriousness of this situation both to the program and the children it serves and stated its willingness to help wherever possible. The other State agency had many of the "new" management procedures covered in the training already in place and, because of a shortage in staff, determined that its use of staff elsewhere better served the program. The regional office responsible for this State agency acknowledges that the State agency has implemented these procedures but advised it to conduct the training.

FNS' overall assessment of State agency training is mixed. FNS monitoring indicates that some States carried out training very effectively, while others appeared to be less successful. As with the management evaluations discussed above, FNS expects that this new effort will become more effective with the as experience is gained, and with FNS support and direction. FNS is confident that it has established a solid base for the sponsor training component of the improvement initiative and will continue to evaluate its effectiveness.

Description of Actions and Schedules: FNS will continue to evaluate the results of management evaluations conducted in Fiscal Year 2000, as well as those conducted in Fiscal Year 2001. In addition, FNS expects to publish interim and final management improvement regulations that will help strengthen State-level administration of the CACFP. These regulations implement CACFP management improvement provisions found in Public Laws 106-224, the Agricultural Risk Protection Act of 2000, and 106-472, the Grain Standards and Warehouse Improvement Act of 2000. USDA was instrumental in initiating consideration and development of this legislation. Based on the content of these regulations, FNS will once again update its management guidance and conduct training on it.

Current Fiscal Year Performance: At this point, FNS has reviewed data from the management evaluations being conducted in Fiscal Year 2001 but expects that it will begin to see improvement in program operations at all levels, given the effort that has already been put forth and the fact that FNS intends to maintain this level of effort until improvement is realized.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in fiscal year 2000:

- USDA's Office of the Inspector General continued to evaluate controls in the sponsor and provider operation of CACFP. A number of specific State oversight and sponsor/provider audits were issued in the year, all related to the need to improve the management of the CACFP program at the State and operator level.
- The General Accounting Office issued a report on program integrity in the CACFP. It concludes that despite FNS and States' efforts to reduce the vulnerability of the CACFP to fraud and abuse, much work remains to be done. The report cited a survey of participating State agencies that showed that while almost all State agencies reported that they had implemented, at least in part, FNS's required minimum controls for detecting CACFP violations, two-thirds of States cited a lack of resources, and one-third cited inadequate training, as factors that inhibit strengthening their detection efforts. The report recommends that FNS develop and implement a comprehensive plan for strengthening State controls and oversight of State agency performance.

Objective 4.3: Improved program targeting to, and access by, low-income pre-school children

Key Performance Goal

Increased participation of low-income children in CACFP	
Percent of CACFP children from low-income households	
1999 Target:	72%
1999 Actual:	71.9%
2000 Target:	75%
2000 Actual:	72.3% <i>data preliminary; final is expected $\pm 5\%$</i>

2000 Data: Data reported here are preliminary. Final data will be available in Spring, 2001, and will be reported in the Fiscal Year 2001 Annual Performance Report.

Because FNS does not collect data on income level of children participating in the CACFP, it is using meal reimbursement data to correlate to meals served to needy children, as the best proxy available for the numbers of children in these categories.

Analysis of Results: The preliminary data shows that FNS did not meet its target, though the percentage of low-income children participating did increase slightly from the previous year. When FNS established its targets for this measure for both Fiscal Years 2000 and 2001, it expected that the dramatic change in the proportion of low-income children reflected in the Fiscal Year 1997 baseline (55%) to Fiscal Year 1999 (71.9%) would slow considerably but would nonetheless continue at a lesser pace through fiscal year 2001. Examination of fiscal year 1999 and 2000 results suggests that the full effect of the program changes brought about in welfare reform may have already occurred, so that the proportion of low-income children the program serves may have stabilized more rapidly than anticipated. Further study would be required to test this hypothesis.

In its Fiscal Year 1999 Annual Performance Report, FNS reported preliminary actual results of 71.5% for this measure, against its target of 72%. The final actual figure for Fiscal Year 1999 is 71.9%.

Description of Actions and Schedules: As noted above, FNS's analysis suggests that the proportion of low-income children the program serves may have stabilized more rapidly than anticipated, so that only small increases in low-income participation are likely to occur in future years.

Current Fiscal Year Performance: Given the FY 2000 results, FNS expects that there may be some small increase in the percentage of needy children participating.

Program Evaluations: In fiscal year 2000, the Economic Research Service (ERS) released an interim report on "Family Child Care Homes and the CACFP: Participation After Reimbursement Tiering." The report showed that participation in CACFP by child care homes dropped 6 percent and the number of sponsoring organizations that administer these homes dropped 2 percent between 1997 and 1998, while the number of licensed child care homes increased by 3 percent during the period. The report noted that the strong economy, increased federal child care funding, and new state pre-school programs, among other shifts in the child care market, made 1997-1998 a dynamic period of change in employment and child care options. It concluded that the portion of the decline in child care homes' participation in the CACFP that stemmed from the reimbursement change, and the portion caused by other factors, cannot be determined.

Goal 5: Low-Income Children Consume Nutritious Lunches When School Meals Are Not Available (SFSP)

Objective 5.1: Increased children's participation in SFSP

Key Performance Goals

<u>Barriers to schools and other sponsor participation removed</u>	
Number of participating:	
Sponsors	
1999 Target:	3,900
1999 Actual:	3,653
2000 Target:	4,000
2000 Actual:	3,670 <i>data preliminary; final is expected $\pm 2\%$</i>
Sites	
1999 Target:	32,000
1999 Actual:	31,021
2000 Target:	33,000
2000 Actual:	31,173 <i>data preliminary; final is expected $\pm 3\%$</i>
Children	
1999 Target:	2.42 million
1999 Actual:	2.26 million
2000 Target:	2.57 million
2000 Actual:	2.09 million <i>data preliminary; final is expected $\pm 3\%$</i>

2000 Data: data provided above are preliminary, based on State reports collected and consolidated by FNS and reviewed for consistency and completeness. Final data for this objective will not be available until the 2nd Quarter, Fiscal Year 2001, and will be reported in the Fiscal Year 2001 Annual Performance Report.

Analysis of Results: The program did not reach its projected participation levels in FY 2000 for any of the targets under this goal; the number of children participating declined slightly from the FY 1999 level. These results are particularly notable given that USDA has engaged in a major outreach effort since FY 1998 to attract more sponsors into the Program. The program growth anticipated from this effort never materialized; the number of children participating has essentially remained the same over the past several years. While USDA does not have a definitive explanation for this performance, a number of factors may have contributed. Outreach strategies may not have been compelling or effectively targeted. Sponsor participation may be discouraged by the program's perceived complexity and administrative burden. Reductions in SFSP reimbursement rates made under the 1996 welfare reform law may be inadequate for some sponsors, particularly small, non profit organizations, to operate the Program.

In its Fiscal Year 1999 Annual Performance Report, FNS reported preliminary actual figures of 3,635 sponsors, 30,911 sites, and 2.22 million participating children for the three measures listed above. Final actual numbers for Fiscal Year 1999 are 3,653 sponsors, 31,021 sites and 2.26 million participating children.

Description of Actions and Schedules: In fiscal year 2001, FNS intends to continue extensive outreach efforts to potential SFSP sponsors, as well as support for State administering agencies, advocates, and National and local organizations in their outreach and sponsorship activity. In addition, it will target several unserved or underserved communities. As we continue to implement this effort, USDA will also reassess its outreach strategies and work to improve them for both current and future efforts.

Current Fiscal Year Performance: FNS is hopeful that the efforts described above will attract the sponsors necessary to increase the availability of SFSP benefits to children who need them.

Program Evaluations: None conducted in FY 2000 related to this goal.

Objective 5.3: Improved program integrity among sponsors

Key Performance Goal

Better-targeted and higher quality reviews of sponsors and providers by State agencies

Number of reviews conducted

Target: Establish baseline

Actual: Data not available

2000 Data: FNS was unable to establish a baseline for the number of SFSP reviews conducted by State agencies as planned.

Analysis of Results: FNS did not meet its fiscal year 2000 target for this goal. FNS' overall plan to meet the target included publishing program regulations intended to help strengthen State oversight of sponsor performance and evaluating State-level administration under these new regulations during fiscal year 2000. FNS intended to use information gathered during this evaluation to establish a baseline on sponsor performance that will be used to evaluate and compare sponsor performance in subsequent years.

FNS did publish the regulations in December 1999 but was unable to carry out the planned evaluation and follow up work. In fiscal year 2000, FNS carried out a comprehensive management improvement initiative in the Child and Adult Care Food Program (CACFP). The scope of this effort required a significant level of available staff resources both at the Headquarters and regional office levels to develop training materials, train State agencies and carry out extensive oversight of State agency administration of the CACFP. This limited FNS' ability to initiate what would have been an additional significant commitment of resources.

When FNS initially planned its State SFSP oversight activity, it was aware that the effort as proposed would require an extensive analysis of State performance during fiscal year 2000, followed by development of a data collection and reporting system to generate precise, consistent data on a nationwide basis. Given the resources required to complete this effort, FNS will defer consideration of this systematic approach to State oversight and focus on its CACFP Management Improvement Initiative.

Current Fiscal Year Performance: FNS will continue to use currently available methods such as management evaluations and audits to measure performance in the SFSP.

Program Evaluations: None conducted in fiscal year 2000.

Strategic Goal 6: Improved Quality of Food Distribution Commodities and Services

Objective 6.1: Distribute commodities that support the nutrition objectives of FNS programs: Food Distribution Program on Indian Reservations (FDPIR); Commodity Supplemental Food Program (CSFP) and the National School Lunch Program (NSLP)

Key Performance Goal

<u>Improved nutrition profile of commodity offerings</u>
Number of commodities added to, modified or deleted from the Foods Available List
Target: 3
Actual: 11
Number of communications addressing the healthful use/preparation of commodities distributed to customers
Target: 4
Actual: 4
Complete commodity specifications review project
Target: Complete report
Actual: Project subsumed by <i>Food Distribution 2000</i>

2000 Data: The Foods Available Lists are created every year by USDA to inform State Distributing Agencies (SDAs) what entitlement commodities FNS is offering for the year. Since the Lists are directly designed, maintained, and administered by FNS staff, they can be considered reliable sources of information on commodity variety.

USDA publishes the periodic newsletter "*Commodity Update*" for schools, and periodic newsletters for household programs providing useful information including the healthful use/preparation of commodities. These newsletters are directly designed, maintained, and administered by FNS staff.

Data on completion of the commodity specifications review project is derived from the administrative records of FNS and the 2 USDA agencies that develop specifications for commodity products. The Agricultural Marketing Service (AMS) develops specifications for commodity meats, poultry, fish, fruits, vegetables and beans, and the Farm Service Agency (FSA) develops specifications for commodity flours, grains, dairy products, honey, oils and shortenings. FNS works closely with these two agencies to ensure that specifications meet nutritional and other program needs, and reviews all commodity specifications prior to issuance.

Analysis of Results: The Agency met two of its three fiscal year 2000 targets for this goal. Results include:

- **Eleven new commodities were added to the Foods Available Lists** for either FDPIR, CSFP, or NSLP. This increase, which significantly exceeded initial plans, reflects a high degree of effort by FNS, AMS and FSA to make new commodity offerings available.
- **FNS met its FY 2000 goal of distributing four communications addressing the healthful use/preparation of commodities.** Newsletters entitled "*Commodity Updates*" for schools were published in October 1999, and in February, April, and September 2000.
- **The Commodity Specification Review Project was absorbed into the *Food Distribution 2000* Initiative and was not completed in FY 2000 as planned.** The overall schedule for *Food Distribution 2000* is outlined Current Fiscal Year Performance," below.

Description of Actions and Schedules: See "Current Fiscal Year Performance," below.

Current Fiscal Year Performance: While this performance goal has been eliminated from the FY 2001 Annual Performance Plan as part of the effort to create a consolidated USDA performance plan, FNS remains committed to improved performance in this area:

- In FY 2001 the goal to improve the number and quality of products available to schools and household programs became a component of *Food Distribution 2000*, USDA's major initiative to reinvent the commodity programs. This initiative has been using a business concept known as "Business Process Reengineering" to fundamentally redesign USDA's commodity purchase, ordering, and delivery system. In November 2000, USDA's "*Reinvention Plan for Schools*" was published and in December 2000, USDA's "*Reinvention Plan for Household Programs*" was published. Improvements identified as part of *Food Distribution 2000* related to procurement, specifications, ordering, purchasing, and commodity processing should dramatically improve the number and quality of products available to schools and household programs in future years.
- In FY 2001, FNS has refocused its communications efforts on a goal to add recipes/links to the "*Food Distribution Program Recipe Exchange*" web site.
- *Food Distribution 2000* includes updates to product specifications to bring them in line with commercial specifications where justified. Internal USDA teams have been formed to examine the specifications of all USDA commodities going to schools and household programs and to recommend changes where appropriate.

Program Evaluations: The following studies, reports and evaluations related to this goal were completed in fiscal year 2000:

- In FY 2000, the General Accounting Office (GAO) reviewed the extent of foodborne illnesses and recalls are associated with foods procured for the National School Lunch Program (NSLP) and the roles and responsibilities of USDA agencies in ensuring the safety of NSLP commodities. The report concluded that although there have been few outbreaks of foodborne illnesses associated with USDA-donated commodities, USDA has not provided schools with specific guidelines to ensure the safety of the foods purchased by schools for use in school meals. GAO recommended that FNS expeditiously develop a food safety action database and provide information to State or local authorities on safety provisions that could be included in school food procurement contracts.

Objective 6.2: Improved program efficiency

Key Performance Goals

<u>Increase number of automated business functions</u>	
Target: 16	
Actual: 6 (subsumed by <i>Food Distribution 2000</i>)	
<u>Identify the most effective food delivery system for FDPIR and CSFP</u>	
Target: Recommendations developed	
Actual: Subsumed by <i>Food Distribution 2000</i>	
<u>Redesigned FNS food distribution systems</u>	
Target: Completion of redesign	
Actual: Subsumed by <i>Food Distribution 2000</i>	

2000 Data: Data on this objective, including the State distributing agencies (SDAs) participating in Electronic Data Interchange (EDI) and *Food Distribution 2000* derives from direct involvement of FNS in ongoing commodity program operations.

Analysis of Results: Fiscal year 2000 results include:

- **FNS' effort to automate commodity program business functions was absorbed into the *Food Distribution 2000* Initiative and was not completed in FY 2000 as planned.** USDA did automate six business functions by adding them to the Food Distribution web site. These were: 1) the commodity complaint hot line, 2) product specifications, 3) commodity acceptability feedback, 4) FNS Instructions and Handbooks, 5) FNS recipe links and recipe exchange, and, 6) a site for feedback on FNS' business process reengineering initiative. USDA's final reinvention plans for schools and household programs include plans for significant information technology changes. When these are implemented, the changes will dramatically increase the number of commodity program business functions automated. The overall schedule for these plans are outlined under "Description of Actions and Schedules," below.
- **The initiative to identify the most effective food delivery system for FDPIR and CSFP was absorbed into the *Food Distribution 2000* Initiative and was not completed in FY 2000 as planned.** Final plans for reinventing FDPIR and CSFP, as well as other household programs were published in December 2000 in a document entitled "USDA's Reinvention Plan for Household Programs," discussed below.
- **The project to redesign FNS food distribution systems for schools was completed in November 2000 rather than the end of FY 2000 as planned.** Final plans for reinventing the food distribution system for schools were published in a report entitled "USDA's Reinvention Plans for Change," discussed below.

Description of Actions and Schedules: USDA published "*Reinvention Plans*" for schools and household programs as part of *Food Distribution 2000*. These plans represent a schedule to meet all three of the fiscal year 2000 targets under this goal and reflect substantial accomplishment of the targets to identify the most effective food delivery system for FDPIR and CSFP, and to redesign FNS food distribution systems.

Current Fiscal Year Performance: During fiscal year 2001, USDA is establishing teams to start implementing many of the program improvements planned for schools and households. More than ten pilot projects are already underway.

Program Evaluations: As noted above, over ten pilot projects are underway in fiscal year 2001 testing ways to implement some of the more complicated *Food Distribution 2000* improvements. Additional evaluations may be undertaken by some of the 14 interdepartmental teams that have been formed to implement the changes outlined in the *Reinvention Plans*.

Objective 6.3: Improved service for commodity customers

Key Performance Goals

<u>Improved communications with customers</u>	
Number of updates distributed	
Target:	4
Actual:	4
Number of hits on the Food Distribution Division (FDD) Internet home page	
Target:	13,200
Actual:	41,300 (for the same two-week period)

2000 Data: As all of the activities undertaken in pursuit of this objective are directly designed, maintained, and administered by FNS staff, data is derived from agency records of completed work activity.

For the indicator dealing with usage of the FNS Food Distribution web site, the Agency is using a commercial software package to determine the number of Food Distribution home page "hits". As FNS was unable to establish a baseline for website hits in FY 1999, it set a baseline in early FY 2000 (based on actual usage between 12/15/1999 and 01/03/2000) of 11,000 hits. The FNS target for fiscal year 2000 was set at was 13,200 hits, reflecting a 20% increase in usage over the early FY 2000 level. This report compares this baseline with performance during a similar period one year later (12/15/2000 - 01/03/2001).

Analysis of Results: FNS met its fiscal year 2000 targets for this goal. Results include:

- **FNS achieved its fiscal year 2000 goal of developing four newsletters or updates and distributing them to States and locals.** This level of performance represents a modest increase in communication with program partners through paper-based efforts that serves to compliment the FNS web site, which is now the major tool used for communicating up-to-date information on the commodity programs.
- **FNS exceeded its target for the number of "hits" on its web site.** 41,300 "hits" were measured during the post-FY 2000 measurement period, a 375% increase over the same period after fiscal year 1999.

Current Fiscal Year Performance: Although the number of updates distributed and the number of "hits" on the Food Distribution web page are not included as targets in USDA's Fiscal Year 2001 Annual Performance Plan, FNS expects to continue communicating with program partners using both newsletters and the FNS web site. FNS also plans to continue tracking web site "hits" on an annual basis. Plans for fiscal year 2001 also include development of a new tri-agency newsletter and web site designed to make commodity information easier to access for commodity customers, partners, and stakeholders.

Program Evaluations: None conducted related to this Objective in fiscal year 2000, with the exception of assessment activities related to the *Food Distribution 2000* described under Objective 6.2, above.

Objective 6.4: Support for the USDA gleaning initiative for foods used in the FNS feeding programs and/or distributed by FNS programs

Support Departmental gleaning/food recovery efforts
Number of schools involved in gleaning/food recovery
Target: FY 1999 baseline plus 10%
Actual: No data available

2000 Data: FNS was unable to identify a baseline for the number of schools involved in gleaning/food recovery efforts nationwide, so no data for this measure is available. None is expected to become available in the future.

Analysis of Results: No data is available on the number of schools involved in gleaning/food recovery efforts for fiscal year 2000.

Description of Actions and Schedules: Overall responsibility for USDA's gleaning and food recovery efforts was transferred to USDA's Community Food Security Initiative in fiscal year 1999.

Printing and distribution to school food authorities and other interested parties of the gleaning "Best Practices" manual was completed in fiscal year 2000.

Current Fiscal Year Performance: No target for this effort has been set for the current fiscal year.

Program Evaluations: None conducted related to this Objective in fiscal year 2000.

Management Initiative I: Continually Improve the Quality, Effectiveness and Diversity of the FNS Work Force

(Note: Because of the diversity of performance goals under Management Initiative I, performance information under this Initiative has been organized around performance goals in three key areas: workforce improvement, work environment improvement, and workforce diversity.)

Work Force Improvement: Key Performance Goals

Hire top-quality individuals and improve employees' work skills:

Number of Outstanding Scholars hired at entry level

Target: 4

Actual: 0

Effectiveness of training

Target: >70%

Actual: data not available

2000 Data: In general, performance data for the goals above is derived from FNS's administrative records; the quality and reliability of this data is high. For one measure— customer satisfaction with training—data was to be derived from FNS Employee Work Life Survey. Unfortunately, the Survey was not administered according to plan.

Analysis of Results: In fiscal year 2000, FNS did not achieve its goal to improve on its fiscal year 1999 baseline of 4 Outstanding Scholars hired at entry level. Because of Departmental concerns, FNS instituted a major revision in its Outstanding Scholars policy during fiscal year 1999; as a result, far fewer Outstanding Scholars were hired in fiscal year 1999 than in previous years, and none were hired in fiscal year 2000. This trend is likely to continue in the future.

Data is not available with regard to customer satisfaction with training in fiscal year 2000.

Although not reflected clearly in the fiscal year 2000 performance indicators, FNS made significant progress in the area of total quality management, which directly supports its performance goal to continually improve the FNS work force by hiring top-quality individuals and improving employees' skills. In particular, the agency's total quality management program, *Leadership 2000 and Beyond*, is aimed at improving the skills of employees, and at making the agency an attractive, progressive workplace that will encourage high-quality candidates to accept FNS positions when they are available.

Description of Actions and Schedules: As noted above, FNS is unlikely to be able to pursue its Outstanding Scholars policy as originally proposed. However, FNS continues its efforts to recruit new staff through special emphasis and employment programs, such as USDA's 1890 National Scholars Program, the Hispanic Association of Colleges and Universities (HACU) Scholar Program, and employment programs for individuals with disabilities. Scholarship students and interns provide the agency with an on-going, diverse pool of entry-level employees to supplement its other recruitment efforts.

Current Fiscal Year Performance: Given the changes in Outstanding Scholars policy made by FNS in fiscal year 1999, the agency was unable to achieve its fiscal year 2000 goal to increase hiring through this program above the fiscal year 1999 level, and is pursuing its refocused recruitment efforts during the current fiscal year.

Although the tool is not available at this time to measure improvement in effectiveness of training, a great deal of work is being done in the training area.

Program Evaluations: None conducted in fiscal year 2000.

Work Environment Improvement: Key Performance Goals:

Improve the physical work environment:

Number of smaller-than-standard work stations

Target: Replace 50% of those identified in 1998 baseline

Actual: Replaced 48% of those identified in 1998 baseline

Number of work stations that are ergonomically suitable for computers and peripherals

Target: Replace 5% of those identified in 1998 baseline

Actual: Replaced 47% of those identified in 1998 baseline

Continue to implement the agency Infrastructure Modernization throughout FNS

Number of upgraded file servers

Target: Replace all Pentium file servers with DEC Alpha file servers

Actual: Replaced all Pentium file servers with DEC Alpha file servers

Assessment of telecommunications infrastructure

Target: Traffic capacity consistent with demand

Actual: Traffic capacity still consistent with demand, despite increase in traffic.

2000 Data: In general, performance data for these goals is derived from FNS's administrative records; the quality and reliability of this data is high.

Analysis of Results: FNS succeeded in improving the physical work environment and continuing to upgrade its information technology (IT) infrastructure:

- **The agency made significant progress, but narrowly missed its goal of replacing 50% of its smaller-than-standard workstations**, because of its decision to replace substandard workstations only as the Headquarters building renovation progresses. By the time building renovation is completed in 2001, all substandard workstations will have been replaced.
- **FNS has exceeded its goal to provide upgraded, ergonomically-appropriate workstation furniture** as part of the FNS Headquarters renovation.
- **FNS has replaced all Pentium file servers with DEC Alpha file servers.** Work to meet this goal was completed in fiscal year 1999.
- **System traffic capacity appears to remain consistent with demand.** While the agency has not yet formally measured traffic to determine if projections indicate the need for increased capacity, day-to-day monitoring of service calls to the Help Desk indicate that traffic problems are not yet an issue.

In addition, while FNS did not set a fiscal year 2000 goal related to this measure, the Agency continues to make progress on its fiscal year 1999 goal to convert all Headquarters workstations to Ethernet. As noted in the Fiscal Year 1999 Annual Performance Report, the conversion process has been coordinated with the Headquarters renovation to save costs; work stations are converted to Ethernet only as the floor on which they are located is renovated. To date, 85% of FNS Headquarters workstations have been converted to Ethernet. All FNS Headquarters work stations will be converted to Ethernet by the end of the first quarter of fiscal year 2002.

Description of Actions and Schedules: As noted above, continued replacement of smaller-than standard workstations and Ethernet conversion will be accomplished as building renovation progresses in fiscal year 2001.

Current Fiscal Year Performance: Much of the work related to IT infrastructure modernization and the physical work environment is ongoing in fiscal year 2001, building on progress made in fiscal year 2000.

Program Evaluations: None conducted in fiscal year 2000.

Workforce Diversity: Key Performance Goal:

<u>Improved diversity of FNS work force</u>	
Percent of senior positions filled by women and minorities:	
Women	
Target: ≥46%	
Actual: 50%	
Minorities	
Target: 24%	
Actual: 24%	
<u>Percent of women and minorities in the FNS workforce:</u>	
Women	
Target: 63%	
Actual: 65%	
Minorities	
Target: 31%	
Actual: 35%	
Percent of workforce with disabilities	
Target: 13.17%	
Actual: 11.74%	

2000 Data: USDA's National Finance Center (NFC) collects data from FNS personnel actions and provides the agency with a statistical report by race, sex, national origin, occupational category, grade levels and disability for each organization. The agency also uses Civilian Labor Force and Federal work force projections, from the Department of Labor and the Office of Personnel Management, to develop employment targets. Data is considered of good quality.

Analysis of Results: In FY 2000, FNS met 4 of its 5 targets under this goal. The agency met its goals of maintaining prior year levels of women and minorities in senior level positions. In addition, FNS met the goals of maintaining or exceeding the FY 1999 levels of women, minorities and persons with disabilities in the work force. The percent of persons with disabilities decreased in FY 2000, due to the number of accessions that exceeded hires.

Despite our success with regard to the overall goal on minorities in the workforce, minority males remain to be underrepresented at FNS. (See Current Fiscal Year Performance, below, for more information.)

Current Fiscal Year Performance: In fiscal year 2001, the agency will continue its effort to achieve and maintain a work force that is representative of the Nation's labor force at entry, mid, senior, and executive levels. Specific targets have been set in fiscal year 2001 to maintain representation of women and minorities in senior-level positions (GS-13 and above), and to increase representation of minority males throughout the FNS workforce.

Program Evaluations: In FY 2000, an Equal Employment Opportunity (EEO) and Civil Rights Compliance Review of FNS was completed. The agency was in found compliance with EEO and civil rights requirements, although improvement was recommended in the following areas: (1) reasonable accommodation for the disabled; (2) sexual harassment training; and (3) civil rights and EEO training. In FY 2001, the Agency will implement a number of initiatives supporting civil rights compliance at FNS.

Management Initiative II: Maintain Continued Fairness in FNS Program Delivery

Key Performance Goals:

<u>Monitor and assure fairness in FNS program delivery systems</u>	
Number of program delivery complaints received and reviewed	
Target: 262	
Actual: 376	
Days needed to issue a decision	
Target: 90	
Actual: 90	
Number of appeals	
Target: 3	
Actual: 2	

2000 Data: Civil rights complaints received that are related to FNS programs are tracked through an automated complaint tracking system, which is accessible throughout FNS. The complaint tracking system is updated daily as complaints are received or closed.

Analysis of Results: FNS met its performance targets under this Initiative, maintaining its effectiveness in assuring fairness in delivery of program benefits. Although there was an increase in the number of complaints received and reviewed in fiscal year 2000, the timeliness in which decisions were rendered, suggest that program beneficiaries are treated fairly.

The number of appeals in fiscal year 2000 was below the fiscal year 1999 number. This figure remained below the baseline set in fiscal year 1997, and indicates FNS continued strong performance in complaint-resolution.

Current Fiscal Year Performance: FNS will continue to monitor and ensure that programs use uniform civil rights standards and procedures that result in timely, consistent, and effective endorsement of all applicable civil rights requirements. In fiscal year 2001, the Complaint Prevention and Resolution Program will be further implemented; efforts will continue to improve the handling of complaint investigations and ensure that review procedures provide for effective and consistent implementation of a substantive, continuous program post-award compliance reviews.

Program Evaluations: None conducted related to this Initiative in fiscal year 2000.

Management Initiative III: Users Have Accurate, Timely, Financial Data Available

(Note: Because of the diversity of performance goals under Management Initiative III, performance information under this Initiative has been organized by individual performance goal.)

Key Performance Goal

<u>Maintain progress in upgrading FNS's financial systems:</u>	
Foundation Financial Management System (FFIS), Department NFC financial systems upgrade	
Target: Continued development of FFIS- relational database, approved Federal application software in accordance w/ GSA schedule	
Actual: FNS continued to support the Departmental FFIS initiative and prepare for its upcoming implementation effort.	

Agency Financial Management System (AFMS) upgrade to client server technology

Target: Continued development of AFMS application, database, client server system in accordance w/ schedule.

Actual: Continued progress was made in the effort to implement the client server version of the AFMS system. System implementation schedule was adjusted to March 2001 due to severe resource shortages.

National Data Bank (NDB) upgrade to data warehouse technology

Target: Continued development of NDB; relational database; client server application.

Actual: Prototype system completed. Began conversion of former system to new software.

2000 Data: Data on financial systems upgrade is derived from internal FNS work records, and can be verified by USDA Departmental Administration's administrative records.

Analysis of Results: FNS generally achieved its goals to maintain progress as planned in updating its automated financial systems. Key activities include:

- **Foundation Financial Management System (FFIS), Department NFC financial systems upgrade:** FNS continued its support of the Departmental FFIS initiative.
- **Agency Financial Management System (AFMS) upgrade to client server technology:** In fiscal year 2000, FNS completed system configuration; developed reports; completed user training; completed testing of accounts payable module; developed conversion strategy; developed interface strategy. The implementation schedule was adjusted to March 2001 due to severe resource shortages.
- **National Data Bank (NDB) upgrade to data warehouse:** Once prototype system was completed successfully, FNS began converting the former version of the NDB to make use of the new system which involved the replacement of outdated software.

The Agency will implement the Integrated Program Accounting System (IPAS) in the spring of 2001, after completing testing of reports, GAD/LOC module, accounts receivable module and interfaces. Concentrated user support will be provided after implementation. Development and testing of the year-end module will be completed by summer of 2001.

Current Fiscal Year Performance: FNS is on schedule for agency implementation of FFIS in fiscal year 2001. The agency will implement IPAS in March, 2001. For the National Data Bank, FNS will pilot the new system beginning in FY 2001.

Program Evaluations: None conducted related to this goal in fiscal year 2000.

Key Performance Goal

Implement new or revised Departmental and Government-wide financial standards and policies:

Independent financial statement audit

Target: Continue to implement and update Department and Government-wide financial standards (e.g., cost accounting implementation guidance)

Actual: Updates were made and changes implemented based on the USDA, OCFO FASM updates, OMB 97-01 updates, FASAB standards updates. The changes were timely, complete and reflected in final products.

2000 Data: Data on achievement of this goal reflects FNS's internal assessment of its compliance with new and updated financial standards and policies in the financial management products and processes for which FNS is responsible.

Analysis of Results: The agency's performance goals in this area were achieved in fiscal year 2000.

Current Fiscal Year Performance: FNS anticipates continuing its successful level of performance in this area in fiscal year 2001.

Program Evaluations: None conducted related to this goal in fiscal year 2000.

Key Performance Goal

Improve data integrity and agency ability to produce timely, accurate and supported financial statements and other financial information

Independent financial statement audit

Target: Make progress toward resolving financial statement issues

Actual: Required analysis and reconciliation were timely, accurate and complete; required corrections were processed and reflected in final products; no known material issues have been identified to date impacting the fiscal year 2000 audit. FNS's fiscal year 1999 financial statement audit resulted in an "unqualified" (clean) opinion.

2000 Data: Data on achievement of this goal reflect ongoing work to prepare required financial information, and resolve emerging issues with USDA auditors and financial officials.

Analysis of Results: In fiscal year 2000, FNS achieved its target to make progress toward resolving financial statement issues. Required analysis and reconciliation were timely, accurate and complete; required corrections were processed and reflected in final products; no known material issues have been identified to date impacting the fiscal year 2000 audit. FNS's fiscal year 1999 financial statement audit resulted in an "unqualified" (clean) opinion.

Current Fiscal Year Performance: FNS anticipates continuing its successful level of performance in this area in fiscal year 2001.

Program Evaluations: As noted above, USDA's Office of the Inspector General (OIG) issued its audit of FNS's fiscal year 1999 Financial Statements in fiscal year 2000. The agency received an "unqualified" (clean) opinion on its audit. OIG reported that FNS made progress in strengthening its internal control structure in fiscal year 1999, and made a number of recommendations, in which FNS concurred, to continue progress in improving its financial management processes.

Key Performance Goal

Improvement of the budget development process:

Development Process:

Target: Automated interface of budget formulation spreadsheets to the OMB MAX system.

Actual: Accomplished through the Department of Treasury automated system.

Timeliness:

Target: Budget materials provided to Department (at each level of process) within sufficient time frame to allow meaningful management level review of changes to occur.

Actual: During FY 2000, the schedules adopted for the FY 2001 Agency Estimates, Departmental Estimates and the Explanatory Notes were structured to afford as much time for product development and management review as could be allowed within the Departmental due dates.

Product Quality:

Target: Budget documents incorporate FY 1999 attributes. Also realigned segments of various program materials to improve clarity and brevity in presenting requests in a favorable light.

Actual: All of the improvements described in the FY 1999 report were carried forward. The one key area of improvement for FY 2000 was in Congressional question and answer materials.

2000 Data: Data on the achievement of this goal reflects review and assessment by senior FNS officials involved directly in the budget development process.

Analysis of Results: FNS achieved its performance targets in this area through accomplishment of a range of important changes in the agency's budget process:

- **Development Process – Automated interface of budget formulation spreadsheets to the OMB MAX system:** The Department of Treasury now inputs prior year data from their updated FACTSII system directly into MAX which precludes the need for another automated input system.
- **Timeliness - Information provided earlier to allow budget staff additional time to develop budget materials with added quality:** During FY 2000, timelines for preparation of budget materials were, as in FY 1999, structured to afford Budget Division staff and supervisors as much time as possible within the Departmental due dates. With FY 2000 being a repeat process from what was done in the previous fiscal year, we found a willingness among various information providers to meet most of the schedule timelines thereby allowing more time for the detailed preparation of schedules, justification narrative, etc.
- **Product Quality – Budget documents incorporate FY 1999 attributes. Also realigned segments of various program materials to improve clarity and brevity in presenting requests in a favorable light:** All of the improvements described in the FY 1999 report were carried forward. Additional improvements were made in congressional question and answer materials. An even more intense quality process was used in the FY 2001 budget process than in the previous year – principally because of the need for improvement in the nature of the responses from previous years. Congressional staff have informally recognized the improvements in these responses.

Current Fiscal Year Performance: While FNS intends to maintain and build upon these improvements, there is no effective way to objectively measure the effect of fiscal year 2000 performance on current year performance.

Program Evaluations: None conducted related to this goal in fiscal year 2000.

Key Performance Goal

Continue progress towards full implementation of the Debt Collection Improvement Act (DCIA)

Percentage of eligible delinquent food stamp recipient claims transferred to Treasury

Target: 100%

Actual: 100%

Percentage of eligible delinquent food stamp retailer debts referred to Treasury

Target: 90%

Actual: 70%

2000 Data: Data on eligible recipient debt transferred to Treasury was obtained and verified from FNS' internal records of transfers. As this information is derived from the electronic files of food stamp recipient claims that FNS uses to transfer eligible debt to Treasury, it is highly accurate and easily verified.

Data on referrals of retailer debt was derived from information of eligible delinquent retailer debt maintained in the Agency Financial Management System (AFMS), and FNS's administrative records of referrals to Treasury. FNS identified errors in the Fiscal year 2000 information keyed into these systems. As a result of these errors, FNS is not able to precisely determine the level of performance related to this goal in FY 2000. The data reported is an estimate of the minimum proportion of retailer debts referred to Treasury at the end of the fiscal year. Based on the Agency's analysis it is likely that actual performance exceeded this level, but the data is incomplete to readily provide assurance of a higher performance level.

Analysis of Results: FNS met its target for the recipient claims referral goal. In fiscal year 2000, 100% of eligible delinquent food stamp recipient claims were transferred to the Department of Treasury for collection. FNS has been submitting Food Stamp over-issuance claims for collection through Federal collection programs for a number of years. Starting in 1992, FNS began pilot testing the Federal Tax Refund Offset Program (FTROP). FTROP was added in 1996 and the Treasury Offset Program (administrative offsets) in 1998. State agency participation has been phased in over the last seven years and with the implementation of the remaining four States in 1998, all 51 State agencies are now participating.

FNS did not meet its fiscal year 2000 target for the retailer debt referral goal. Approximately 70 percent of eligible debt was sent to Treasury by the end of the reporting period, below the 90 percent level targeted by the Agency. Eligible debts include those that are delinquent and for which no collection activity is taking place, but do not include those under repayment agreement, under administrative review or appeal, in litigation or under a court-ordered restitution agreement. Court-ordered restitutions represent a significant number of retailer debts in FNS's accounts receivable.

The reasons that a number of debts had not been referred to Treasury in a timely fashion are not clear. In some cases, FNS did not complete all of the due process steps to permit referral to Treasury; in other cases it did not submit the debt by September 30, 2000. FNS has made changes to its debt consolidation and referral process that should result in sustained improved performance into the foreseeable future. (See "Descriptions of Actions and Schedules," below.)

Description of Actions and Schedules: FNS has centralized the process by which eligible retailer debt is referred to Treasury for cross-servicing. As part of this effort, a "cleanup" of the accounts is currently underway, and improvements are being made in the overall operating controls for the management of this debt. Based on these changes in our process, FNS expects that by May 1, 2001, all debt that was eligible for referral on September 30, 2000, and any that has become eligible since that date, will be referred to Treasury.

Current Fiscal Year Performance: On recipient claims, FNS expects its own and State performance to continue at the same level.

On retailer debts, FNS expects performance to continue to improve. As noted under "Description of Actions and Schedules," above, FNS has made significant changes to its debt servicing process, and expects to be "current," with all eligible debt referred, by May 2001. Because of the simplified operating structure and the tighter controls under the new process, the Agency expects to continue to sustain that performance level indefinitely. (Given the relatively small number of records that will now become eligible for referral from month to month, FNS considers optimum performance more accurately described as a range between 95-100%, rather than precisely 100%.) Because FNS has no legal authority over debts once the courts have mandated restitution, the agency is currently involved in an effort to include court-ordered restitution debts under the umbrella of Treasury's cross-servicing program. This would require either FNS or the Justice Department to refer such debts to Treasury once a debtor defaults on payment.

Program Evaluations: None conducted related to this goal in fiscal year 2000.

Key Performance Goal

Correct identified internal control deficiencies in a timely manner

Percentage of audits completed timely

Target: 70%

Actual: 91%

Percentage of Federal Managers' Financial Integrity Act (FMFIA) material deficiencies corrected timely

Target: 90%

Actual: 80%

2000 Data: Data on audits completed timely was gathered from a report generated by FNS' automated tracking system, which reflects audit progress and status for all Office of Inspector General (OIG) audits issued to FNS.

Because of changes in Departmental audit reporting policy, FNS altered the indicator it originally proposed for audit resolution, which involved specific identification of audits by the date provided. The indicator reported here compares the number of FNS-related audits issued by OIG in fiscal year 2000 to the number of audits closed during the same period. All audits are FNS program-specific (conducted by the OIG), or are OMB Circular A-128, Single Audit of State and Local Governments (conducted by independent auditors and issued by the OIG). For purposes of comparison, corresponding figures for fiscal years 1998 and 1999 are also noted.

Performance is based on a standard of resolving all recommendations in each audit within time frames specified in the management decision, but in each case the entire audit should be resolved within a three year period, or documentation should explain why it was not resolved. This effort includes activity to achieve final action and closure on audit recommendations only, and does not include components for audit distribution or obtaining management decision on recommendations.

Data on fiscal year 2000 FMFIA material deficiencies corrected timely are final and were derived by totaling the fully completed corrective action steps and dividing this total by the total number of corrective action steps that were planned for completion.

For FMFIA material weaknesses, the standard is the stated milestones in the corrective action plan not completed within the promised time frames which should be no more than 10 percent. Keeping in mind that most of FNS' reported material weaknesses are far-reaching and complex, and by nature inherent in the management of our programs, the Agency is working with the OCFO to develop a more meaningful process for reporting on true material weaknesses and the development of corrective action plans to address them.

Analysis of Results: In fiscal year 2000, FNS met its target for audits resolved timely, but did not reach its target for FMFIA material weaknesses addressed timely.

During the fiscal year, 100 FNS-related audits were issued, and the agency closed 91, achieving a 91% ratio of audits closed to audits issued, well above the 70% performance level targeted for fiscal year 2000.

Fiscal year	Issued	Closed
1998	78	102
1999	90	81
2000	100	91

For fiscal year 2000, FNS had 10 material weaknesses. A total of 35 corrective action milestones related to these deficiencies were scheduled to be completed for the year. Of these, 28 were accomplished, an 80 percent rate for the year that falls short of the Agency's target for closure of material weakness milestones. Delays in publishing WIC Vendor Integrity regulations and a reconsideration of the corrective action needed to improve the FSP STARS System and improve the integrity in WIC State Agency funds management and in Employment and Training funds management in the Food Stamp Program are a few of the reasons for the delays.

Description of Actions and Schedules: FNS hopes to resolve the delays that kept it from meeting its FY 2000 target for FMFIA weaknesses during the current fiscal year.

Current Fiscal Year Performance: FNS expects to make continued progress in audit resolution in fiscal year 2001, and has targeted additional improvement for this year.

While the Agency met its audit performance goal for FY 2000 using the ratio indicator devised for FY 1999 and FY 2000, to avoid any future confusion, the Agency will switch to the Department's standard for FY 2001. At that point, both the Office of the Chief Financial Officer and FNS will be reporting using the same standard.

For the material weakness indicator, it is unclear whether, in anticipation of the government-wide planned discontinuance of FMFIA reporting in fiscal year 2000, the indicator will be continue to be necessary or meaningful for future years. FNS nonetheless intends to continue its focus on areas of potential risk, as a critical part of effective stewardship of Federal funds.

Program Evaluations: None conducted in fiscal year 2000.

Obtaining Program Evaluations

Unless otherwise noted, evaluations identified in the report were conducted by FNS. Copies of these evaluations can generally be obtained through the FNS website at <http://www.fns.usda.gov/oane/>, or by contacting the Agency at GPRAINPUT@fns.usda.gov.

Evaluations conducted by the Economic Research Service (ERS) can generally be obtained through the ERS website at <http://www.econ.ag.gov/Prodsrvs/rept-fd.htm>; specific requests for hard copies can be directed to the USDA Order Desk at 1-800-999-6779.

While not all audits and reports prepared by USDA's Office of the Inspector General (OIG) are available to the general public, many can be obtained through their website at <http://www.usda.gov/oig/auditrpt/auditrpt.htm>; specific requests can be directed to USDA-OIG at 202-720-5677.

Copies of many reports issued by the General Accounting Office in fiscal year 1999 are available to the general public through their website at <http://www.gao.gov/AIndexFY99/searchpg.him>; specific requests can be directed to GAO at 202-512-6000.